



ANNUAL REPORT

2014/2015

MOHOKARE LOCAL MUNICIPALITY FS 163

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Glossary of terms

ABET	Adult Based Education and Training
ABSA	Amalgamated Banks of South Africa
AIDS	Acquired Immune Deficiency Syndrome
CBO	Community Based Organization
DBSA	Development Bank of South Africa
DEAT	Department of Tourism, Environment and Economic Affairs
DLA	Department of Land Affairs
CGTA	Cooperative Governance and Traditional Affairs
DM	District Municipality
DE	Department of Energy
DoA	Department of Agriculture
DoE	Department of Education
DoH	Department of Health
DWA	Department of Water Affairs
ECA	Environmental Conservation Act
EMS	Emergency Medical Services
EIA	Environmental Impact Assessment
ES	Equitable Share (grant)
FBO	Faith Based Organizations
GRAP	Generally Recognized Accounting Principles
GIS	Geographical Information System
GVA	Gross Value Added
HoD	Head of department
HR	Human Resource
IDC	Independent Development Corporation
IDP	Integrated Development Plan
IT	Information Technology
ITP	Integrated Transportation Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
LED	Local Economic Development
MM	Municipal Manager
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSIG	Municipal Systems & Institutional Grant
XDM	Xhariep District Municipality
PMS	Performance Management System
PPP	Public Private Partnership
RDP	Reconstruction and Development Programme
SADC	Southern African Development Community
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDBIP	Service Delivery Implementation Budget Plan
SGB	School Governing Body
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
VAT	Value Added Tax
VIP	Ventilated Improved Pit (dry sanitation facility)
WSDP	Water Services Development Plan

COMPONENT A: MAYOR'S FOREWORD



Municipal Vision, Mission & Values

Vision

To be a community-driven municipality that ensures sustainable quality service delivery applying principles of good governance

Mission

A performance-driven municipality that utilizes its resources efficiently to respond to community needs

With the following values:

Batho Pele Principles
Good governance
Community Based Planning
Integrity
Social Cohesion
Accountability
Customer / Client Centered Approach

Mohokare will;

- Strive to meet challenging but achievable company objectives and financial goals, with well-planned and clearly communicated strategies
- Encourage a winning spirit and a positive working environment through the development of supportive, appreciative, and rewarding working relationships
- Recognize diversity by treating individuals with respect and dignity
- Promote team building

We will built on the successes of the past and face the challenges head-on to ensure better services to all in Mohokare. We all need to work together to achieve the objectives that will ultimately lead us to our vision of delivering a stable living environment and sustainable living conditions for all citizens.

Our objectives will also help us to drive National Government's agenda of job creation, enhancing its infrastructure and ensuring that all citizens in our area have access to the basic services they require.

With effective leadership, clearly defined strategies and our shared vision we can achieve the success for all our communities within the Mohokare Local Municipality.

This report is a reflection of municipal activities for the said financial year (2014/2015) compiled by this municipality.

Regards,

Cllr. M.A. Shasha
Mayor



Municipal Manager's Foreword

Once again it is time for us to report on the successes and challenges faced and account for the administrative performance of Mohokare Local Municipality during the 2014/2015 financial year.

Our goal for the past financial year was clear and unambiguous, to deliver municipal services to the best of our abilities.

One of the main challenges faced during the year was the balancing of the budget, with a slowdown in revenue collection due to increasing tariffs, as well as a shrinking revenue base due to a decline in population numbers. This challenge was professionally approached, and admirably managed, with strict financial management, increased oversight in terms of expenditure and a very cautious approach to further capital commitments.

We believe very strongly that we are on the right track as a Municipality. Our Revenue Enhancement Strategy was adopted by Council and should be able to assist us recover what is owed to the Municipality, so that we are able to continue to deliver services to our people. The following measures, amongst others, have been implemented:

- Deductions have been implemented from salaries of municipal employees in terms of payment of services;
- Contracts for rental of municipal flats at market related tariffs;
- Writing-off of debts (indigents);
- Handing over of debtors.

The progress achieved in terms of infrastructure and capital projects are captured in detail in the section of Technical Services on page 42.

This Municipality is committed to tangible and visible deliverables to better the lives of its residents and believe that for democratic governance to be meaningful; all stakeholders must be fully engaged to participate in all processes.

Mohokare Local Municipality had a good year and once again maintained a positive service delivery record. We will continue in our efforts to provide infrastructure, basic service delivery and sustainable economic growth with people at the center of development.

I am optimistic that we stood up against the challenges which faced us and that we are without doubt on track with what we envisage for Local Government, not only a local level but also within a regional and national perspective.

I am also satisfied that this report is a true and just reflection of what really happened in Mohokare Local Municipality in 2014/2015.

Kind regards,

T. C. Panyani
Municipal Manager

COMPONENT B: EXECUTIVE SUMMARY

1.1. Municipal Manager's Overview

In giving an overview of this annual report it is worth noting the following milestones achieved;

- Securing universal access to waterborne sanitation for all households through the Regional Bulk Water Scheme; where which this project will ensure that all the households in Mohokare outstanding of water borne access to sanitation are connected to the network system, promoting decency in the services that we provide.
- Universal access to water by all households in Mohokare.
- We are gradually making strides to achieving the Blue Drop and Green Drop status for Mohokare, even in the face of infrastructural developmental challenges that have financial implications and based on the revenue collection might prove difficult yet not impossible to implement.
- Acquisition of land for residential purposes; The current shortage of land in Mohokare does not equal the demand for sites and human settlements and the procurement of the Mooifontein farm in Zastron is seen as an achievement to ensure that we continue to allocate land specifically for residential purposes.
- We have managed to resuscitate relations between labour and the employer, hence the regular sitting of the employer/employee structure.
- Timeously submission of the Annual Financial Statements and the Draft Annual Performance Report; Improvement on these compliance matters is evident, seeing that these documents will be submitted on time.
- 4 critical section 56 positions are filled except that of Director: Community Services.

In light of the milestones achieved it is very important that I also note challenges that the municipality must overcome in order to function properly, but not limited to the following;

- Poor revenue base for the Municipality

This annual performance report gives a clear picture of service delivery within Mohokare, and in closing, learning is the journey to success, therefore let us all be part of local government to ensure improvement of our people's lives.

Kind regards

T. C. Panyani
Municipal Manager

1.2. Municipal Functions, Population and Environmental Overview

In terms of the powers and functions for municipalities as promulgated by the Constitution of the Republic of South Africa, municipalities are dictated by this document to guide their functioning, below is the powers and functions that relate Mohokare Local Municipality;

<u>Function</u>	<u>Authorizations</u>
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity reticulation	Yes
Fire Fighting	Yes, including DM function
Local tourism	Yes
Municipal airport	Yes
Municipal Planning	Yes
Municipal Health Services	No
Municipal public transport	Yes
Pontoons and ferries	Yes
Storm water	Yes
Trading regulations	Yes
Water (Potable)	Yes
Sanitation	Yes
Amusement facilities /Beaches	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlors and crematoria	Yes, including DM function
Cleansing	Yes
Control of public nuisance	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes, including DM function
Municipal parks and recreation	Yes
Municipal roads	Yes, including DM function
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes, including DM function
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes
Municipal public works	Yes

Population and Environmental Overview

The current realities range from socio-economic aspects to engineering infrastructure and within each category of analysis the critical issues and challenges are identified.

To analyses current realities various sources of information and data were used, such as:

- Census 2001 with 2003, 2006 and 2007 and 2011 Community Survey projections by Stats SA and the Municipal Demarcation Board.
- Extrapolated data from the previous IDP documents
- The Xhariep District Potential Analysis report
- XDM latest data and information.
- Any other appropriate and relevant reports specific to the Mohokare Local Municipality within the public domain.

Demographic Realities and Socio Economic dynamics

The community survey conducted in 2007, estimated the population of Mohokare to be at ±41 867, however during the 2011 Census it Statistics SA indicated that Mohokare Local Municipality's population had decreased to **±34 146** with **10 793** households.

Key Statistics in Summary for Mohokare Local Municipality are as follows:

Total population	34 146
Number of households	10 793
	In percentages
Young (0-14)	32.2%
Working Age (15-64)	61.4%
Elderly (+65)	6.4%
Dependency ratio	62.9%
Growth rate	-0.62% (2001 – 2011)
Population density	4 persons per km²
Unemployment rate	31.4%

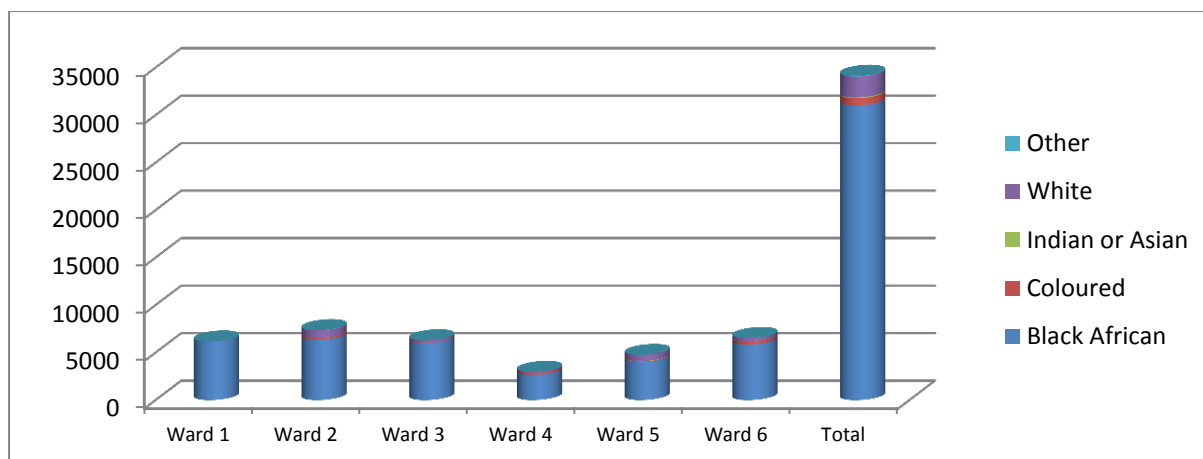
Youth unemployment rate	40%
No schooling aged 20+	11%
Higher education aged 20+	6.1%
Matric aged 20+	17.9%
Average household size	3.1
Female headed households	41.9%
Formal dwellings	86.6%
Housing owned / paying off	44.3%
Flush toilet connected to sewerage	70.5%
Weekly refuse removal	63%
Piped water inside dwelling	37.2%
Electricity for lighting	89.7%

Mohokare Local Municipality Demographics

Table 1

Geography by Population group

	Black African	Coloured	Indian or Asian	White	Other	Total
Ward 1	6163	7	6	1	5	6181
Ward 2	6353	182	21	783	31	7370
Ward 3	5963	37	9	294	4	6307
Ward 4	2655	194	5	126	2	2982
Ward 5	4020	59	41	639	3	4762
Ward 6	5865	290	11	361	16	6543
Total	31018	769	93	2205	61	34146



Source: Statistics SA, 2011

Table 2
Geography by Gender

	Male	Female	Total
Ward 1	2871	3310	6181
Ward 2	3619	3751	7370
Ward 3	2981	3327	6307
Ward 4	1460	1521	2982
Ward 5	2207	2555	4762
Ward 6	3177	3367	6543
Total	16314	17831	34146
	48%	52%	100%

Source: Statistics SA, 2011

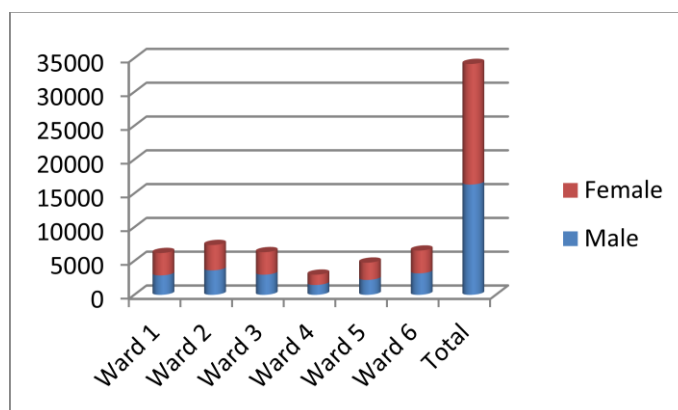
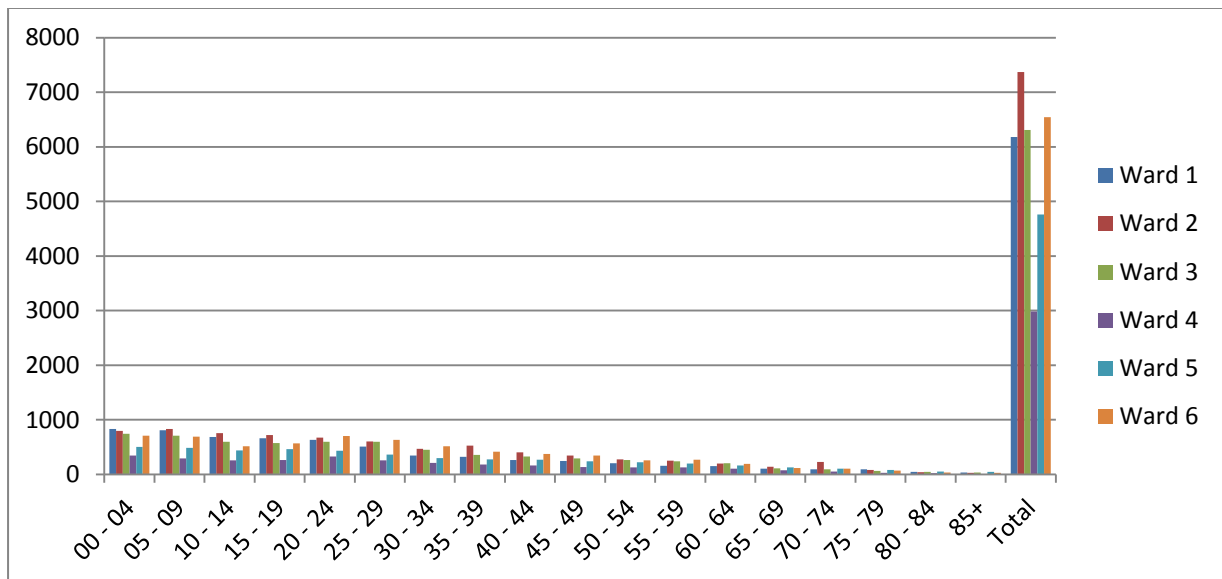


Table 3

Age groups in 5 years by Geography

Age groups	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
00 - 04	832	794	745	346	501	707	3926
05 - 09	807	830	708	293	483	690	3811
10 - 14	687	758	597	256	441	513	3253
15 - 19	659	718	575	264	464	568	3248
20 - 24	631	675	600	327	431	703	3367
25 - 29	507	605	596	259	364	635	2967
30 - 34	343	471	449	210	296	515	2284
35 - 39	320	526	357	182	273	417	2075
40 - 44	265	402	329	166	268	372	1803
45 - 49	246	346	294	135	242	343	1605
50 - 54	205	276	262	126	223	259	1351
55 - 59	155	252	241	127	200	271	1245
60 - 64	153	196	204	107	164	191	1016
65 - 69	103	140	108	74	126	119	670
70 - 74	94	227	94	50	107	107	679
75 - 79	95	83	66	30	83	67	424
80 - 84	45	43	46	25	50	36	245
85+	32	27	37	6	44	30	177
Total	6181	7370	6307	2982	4762	6543	34146

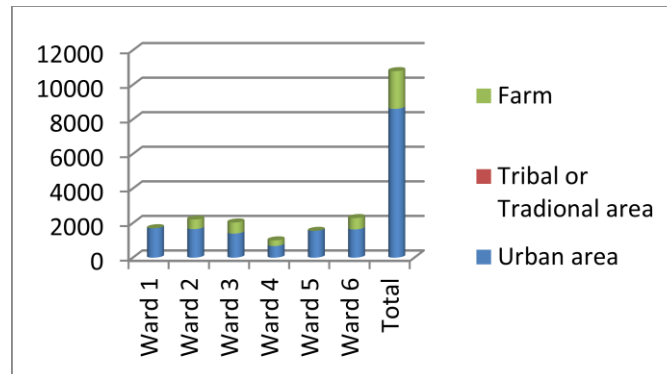


Source: Statistics SA, 2011

Table 4

Geography by Geo type / Household figures

	Urban area	Tribal or Traditional area	Farm	Total
Ward 1	1704	-	-	1704
Ward 2	1653	-	555	2208
Ward 3	1393	-	643	2036
Ward 4	677	-	324	1000
Ward 5	1552	-	-	1552
Ward 6	1634	-	658	2292
Total	8612	-	2180	10793

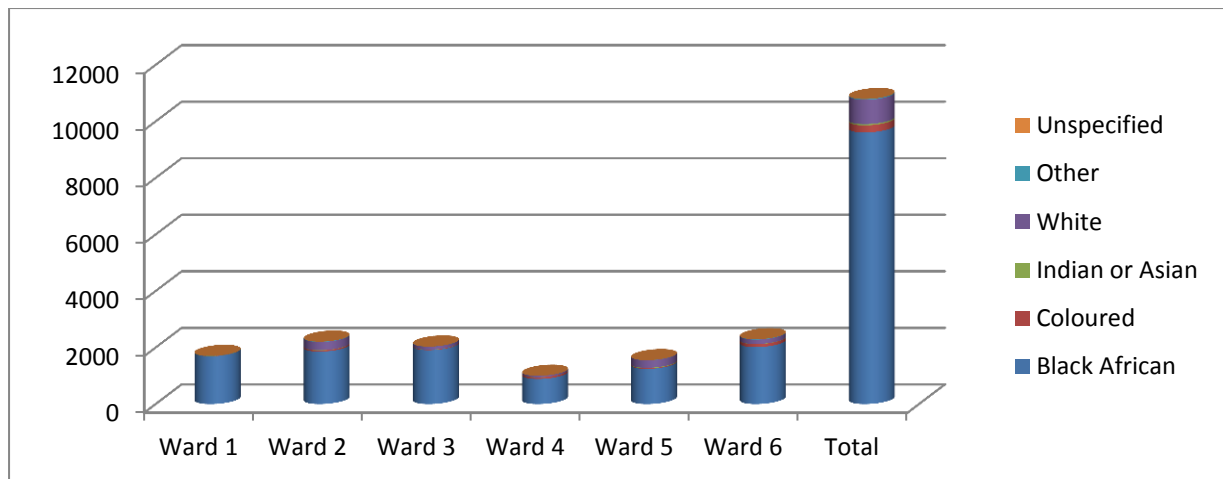


Source: Statistics SA, 2011

Table 5

Geography by Population group of head of household

	Black African	Coloured	Indian or Asian	White	Other	Unspecified	Total
Ward 1	1693	4	4	1	2	-	1704
Ward 2	1857	45	6	290	10	-	2208
Ward 3	1907	18	5	103	2	-	2036
Ward 4	888	60	3	49	1	-	1000
Ward 5	1246	22	18	264	3	-	1552
Ward 6	2016	105	6	153	12	-	2292
Total	9608	254	41	859	29	-	10793

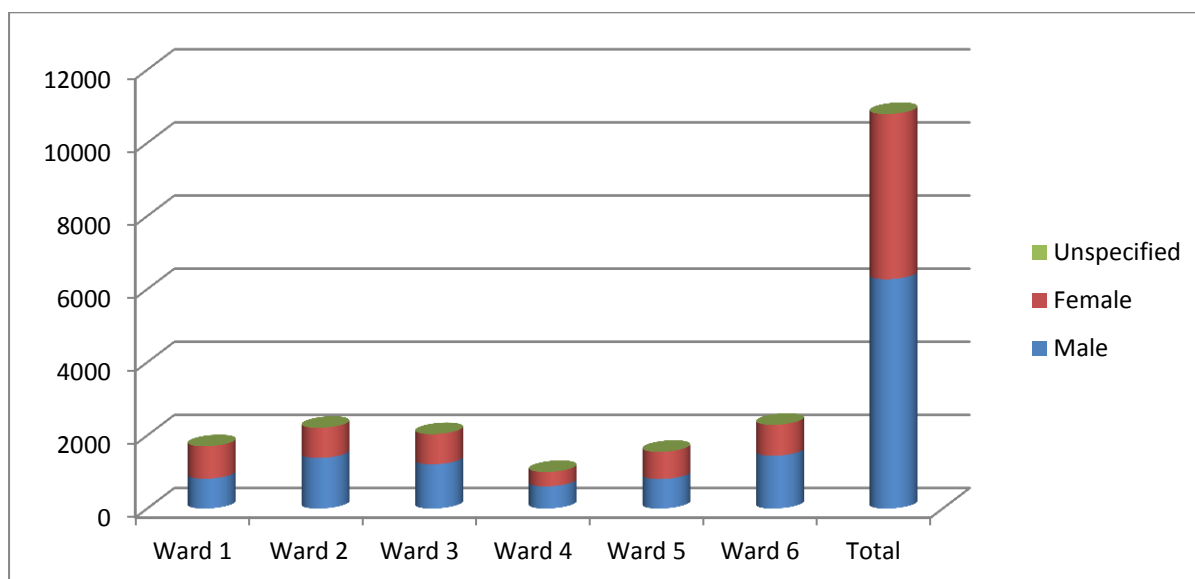


Source: Statistics SA, 2011

Table 6

Geography by Gender of head of household

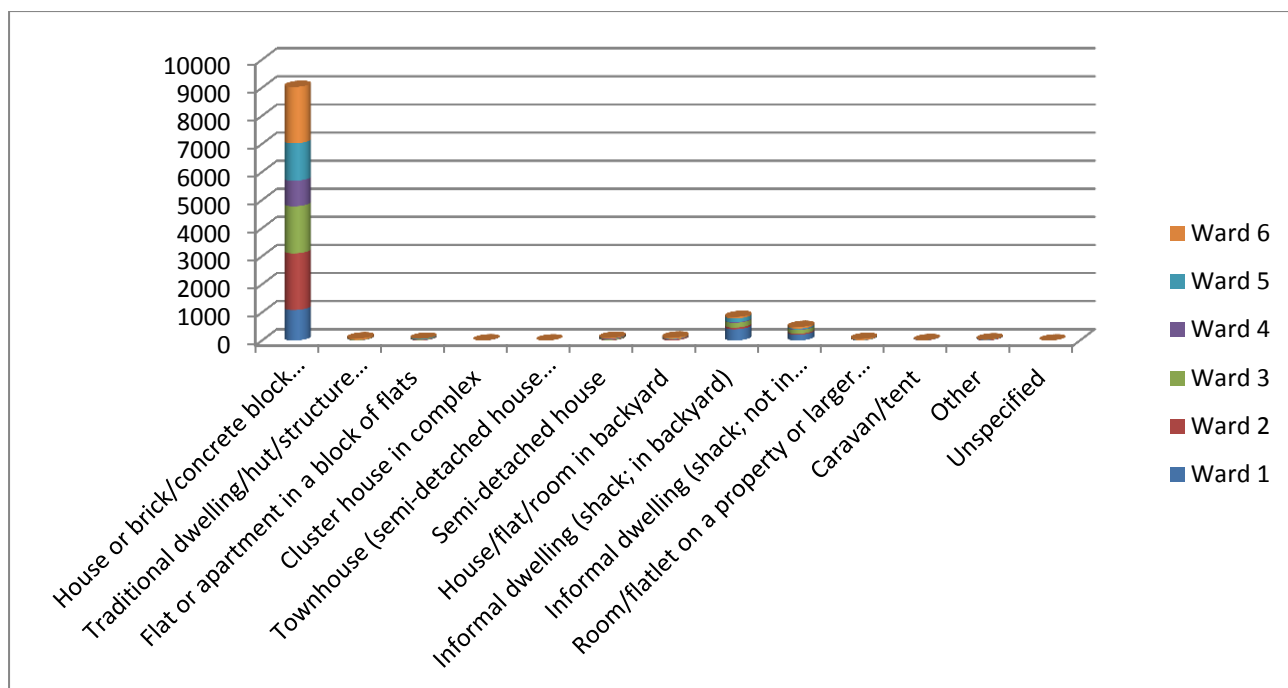
	Male	Female	Unspecified	Total
Ward 1	818	886	-	1704
Ward 2	1385	823	-	2208
Ward 3	1212	824	-	2036
Ward 4	607	394	-	1000
Ward 5	807	745	-	1552
Ward 6	1445	847	-	2292
Total	6274	4519	-	10793



Source: Statistics SA, 2011

Table 7
Type of main dwelling by Geography

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
House or brick/concrete block structure on a separate stand or yard or on a farm	1086	2018	1677	909	1333	2005	9027
Traditional dwelling/hut/structure made of traditional materials	5	5	11	1	1	50	74
Flat or apartment in a block of flats	4	18	12	1	27	1	62
Cluster house in complex	-	-	1	1	-	2	5
Townhouse (semi-detached house in a complex)	-	-	-	-	-	1	1
Semi-detached house	1	16	23	26	4	26	97
House/flat/room in backyard	-	30	8	10	11	45	103
Informal dwelling (shack; in backyard)	400	63	168	21	133	53	838
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	206	39	131	19	31	57	483
Room/flatlet on a property or larger dwelling/servants quarters/granny flat	-	4	3	2	7	40	55
Caravan/tent	-	4	-	3	2	-	9
Other	2	11	1	7	5	11	38
Unspecified	-	-	-	-	-	-	-
Total	1704	2208	2036	1000	1552	2292	10793



Source: Statistics SA, 2011

Table 8: Tenure status

Dwellings tenure status	Occupied rent free	Owned & fully paid off	Owned & not yet paid off	Rented	Caravan or tent	Cluster house in complex	Flat or apartment in a block of flats	House / flat / room in backyard	House-brick or concrete block structure	Shack in backyard	Shack <u>not</u> in backyard
Ward 1	583	822	102	185			4		1086	400	206
Ward 2	410	273	775	655	4		18	30	2018	63	39
Ward 3	632	666	64	578		1	12	8	1677	168	131
Ward 4	367	182	182	262	3	1	1	10	909	21	19
Ward 5	424	561	96	455	2		27	11	1333	133	31
Ward 6	617	994	69	538		2	1	45	2005	53	57

Tenure Status

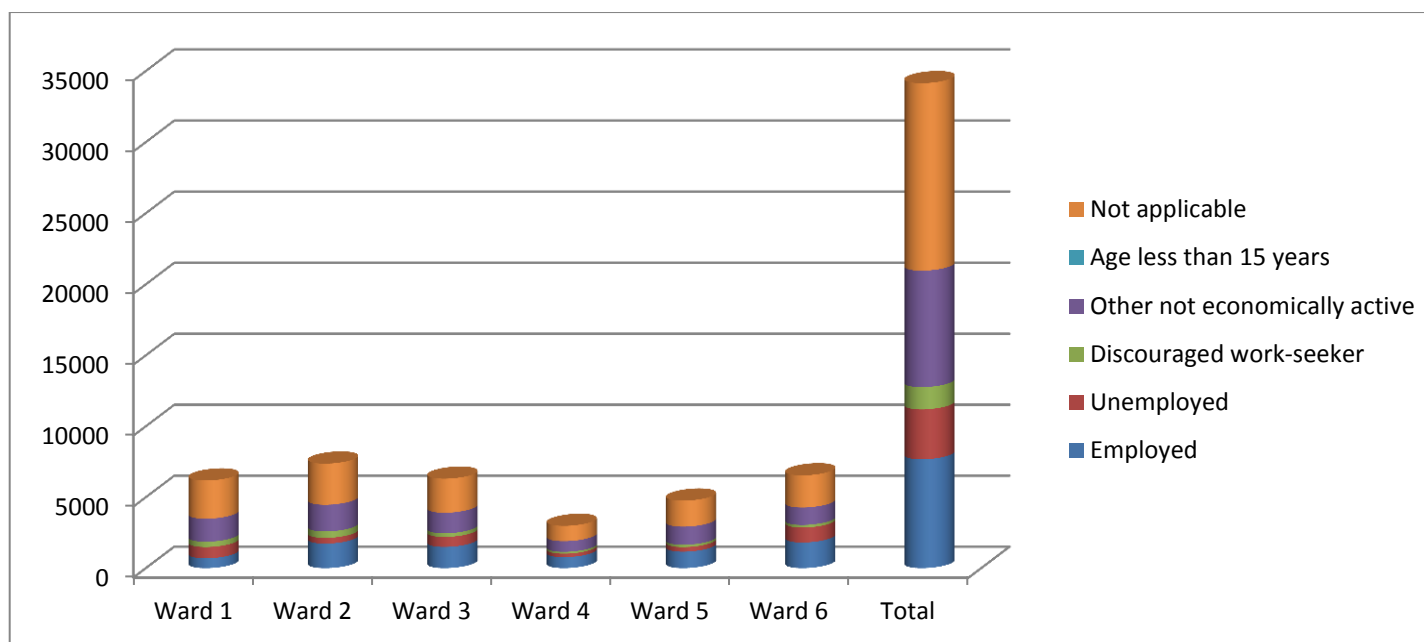
	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6		Total
■ Census/Dwellings- Tenure Status Occupied rent-free	583	410	632	367	424	617		3033
■ Census/Dwellings- Tenure Status Other	13	94	96	8	16	74		301
■ Census/Dwellings- Tenure Status Owned and fully paid off	822	273	666	182	561	994		3498
■ Census/Dwellings- Tenure Status Owned but not yet paid off	102	775	64	182	96	69		1288
■ Census/Dwellings- Tenure Status Rented	185	655	578	262	455	538		2673

Source: Statistics SA: Census 2011

Table 9

Geography by Official employment status

	Employed	Unemployed	Discouraged work-seeker	Other not economically active	Age less than 15 years	Not applicable	Total
Ward 1	696	792	377	1619	-	2696	6181
Ward 2	1732	401	456	1878	-	2903	7370
Ward 3	1496	704	260	1446	-	2402	6307
Ward 4	775	246	130	751	-	1079	2982
Ward 5	1161	324	164	1276	-	1836	4762
Ward 6	1812	1050	184	1229	-	2268	6543
Total	7672	3518	1571	8200	-	13185	34146

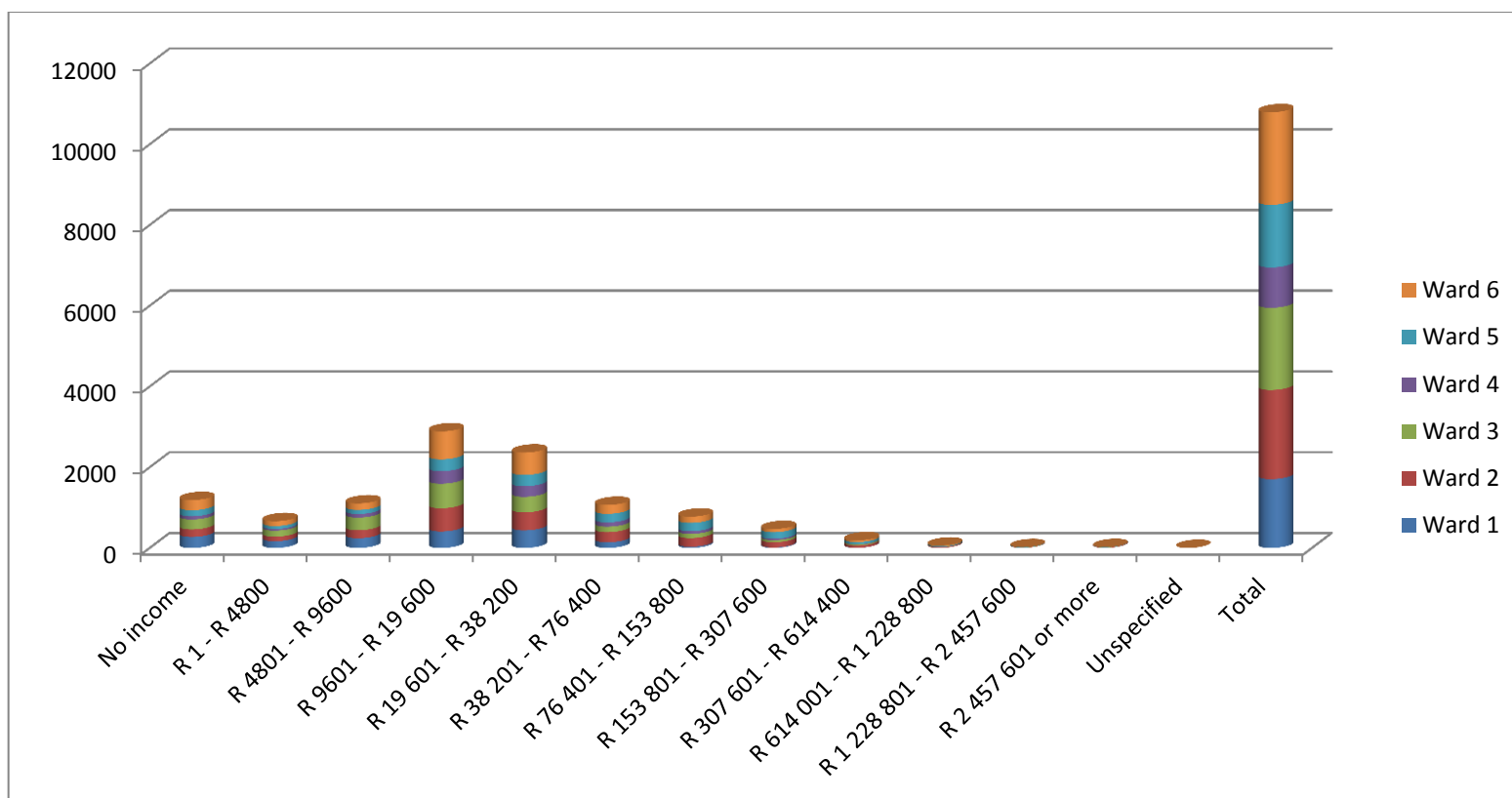


Source: Statistics SA, 2011

Table 10

Annual household income

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
No income	272	186	248	78	150	251	1186
R 1 - R 4800	167	112	150	39	74	120	662
R 4801 - R 9600	241	197	314	88	102	161	1101
R 9601 - R 19 600	408	575	608	311	292	693	2888
R 19 601 - R 38 200	434	447	385	262	280	554	2362
R 38 201 - R 76 400	140	250	136	106	213	221	1065
R 76 401 - R 153 800	30	214	103	67	207	154	776
R 153 801 - R 307 600	11	131	52	35	161	78	467
R 307 601 - R 614 400	2	60	26	9	48	43	189
R 614 001 - R 1 228 800	-	22	5	1	16	13	56
R 1 228 801 - R 2 457 600	-	5	5	1	6	2	19
R 2 457 601 or more	-	9	5	2	4	2	22
Unspecified	-	-	-	-	-	-	-
Total	1704	2208	2036	1000	1552	2292	10793



Source: Statistics SA, 2011

Table 11**Individual monthly income by Geography of population**

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
No income	2380	2546	2445	969	1802	2367	12509
R 1 - R 400	2236	1648	1682	750	996	1406	8719
R 401 - R 800	268	319	460	229	267	331	1875
R 801 - R 1 600	868	1261	1056	675	678	1402	5940
R 1 601 - R 3 200	173	194	152	115	198	242	1074
R 3 201 - R 6 400	67	230	100	104	245	206	952
R 6 401 - R 12 800	24	265	130	70	262	158	909
R 12 801 - R 25 600	6	150	48	23	146	71	443
R 25 601 - R 51 200	1	34	16	9	24	34	118
R 51 201 - R 102 400	-	21	4	3	12	14	54
R 102 401 - R 204 800	-	11	5	-	2	1	19
R 204 801 or more	-	7	5	3	3	2	21
Unspecified	159	244	139	30	71	301	944
Not applicable	-	441	65	-	55	8	569
Total	6181	7370	6307	2982	4762	6543	34146

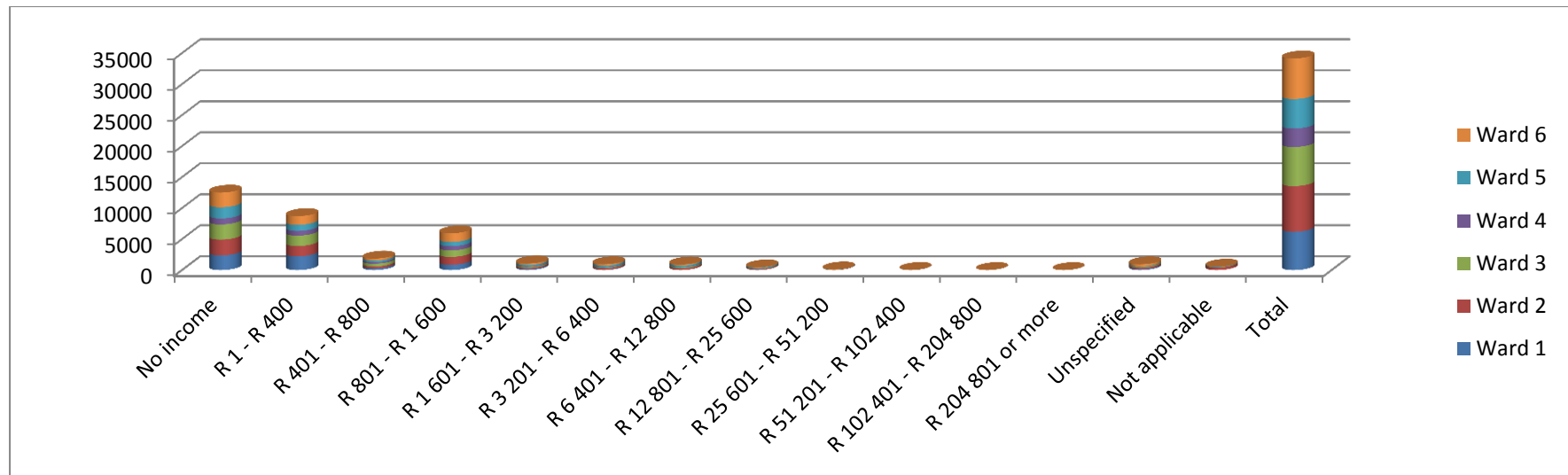
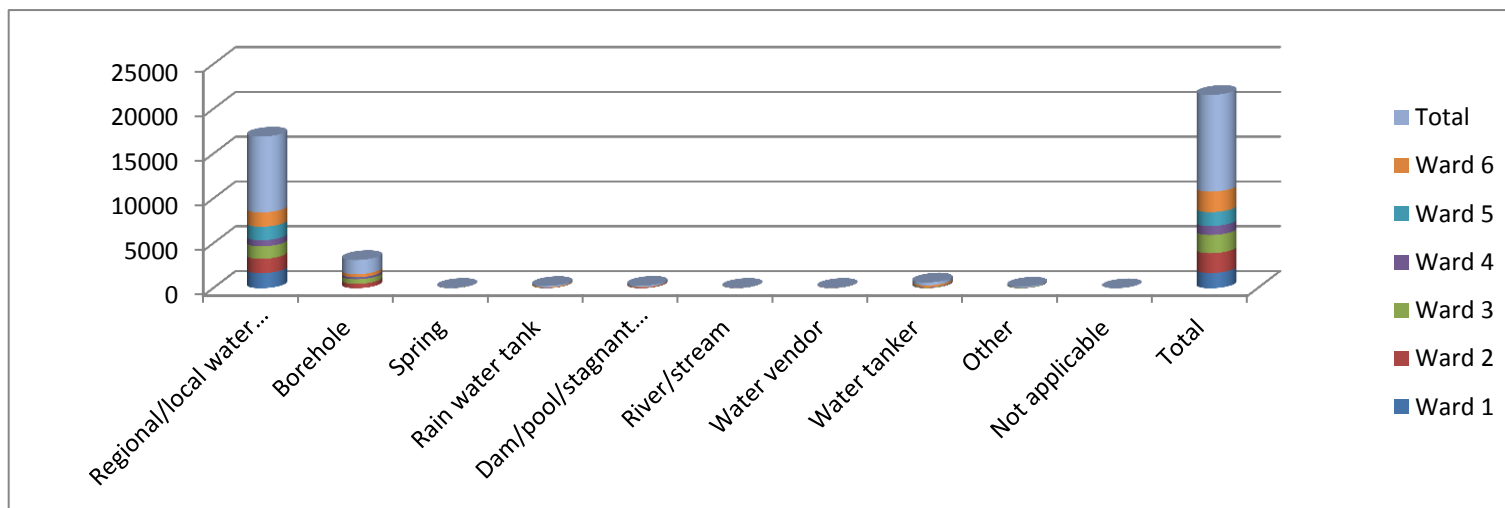


Table 12

Geography by Source of water

	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/stagnant water	River/stream	Water vendor	Water tanker	Other	Not applicable	Total
Ward 1	1687	1	-	2	-	-	2	3	9	-	1704
Ward 2	1596	483	9	1	79	6	4	20	9	-	2208
Ward 3	1391	524	8	11	17	5	1	58	21	-	2036
Ward 4	682	213	6	23	20	8	4	40	6	-	1000
Ward 5	1510	13	1	-	-	-	3	3	22	-	1552
Ward 6	1603	342	-	90	26	3	10	198	21	-	2292
Total	8468	1576	24	127	141	22	23	323	87	-	10793

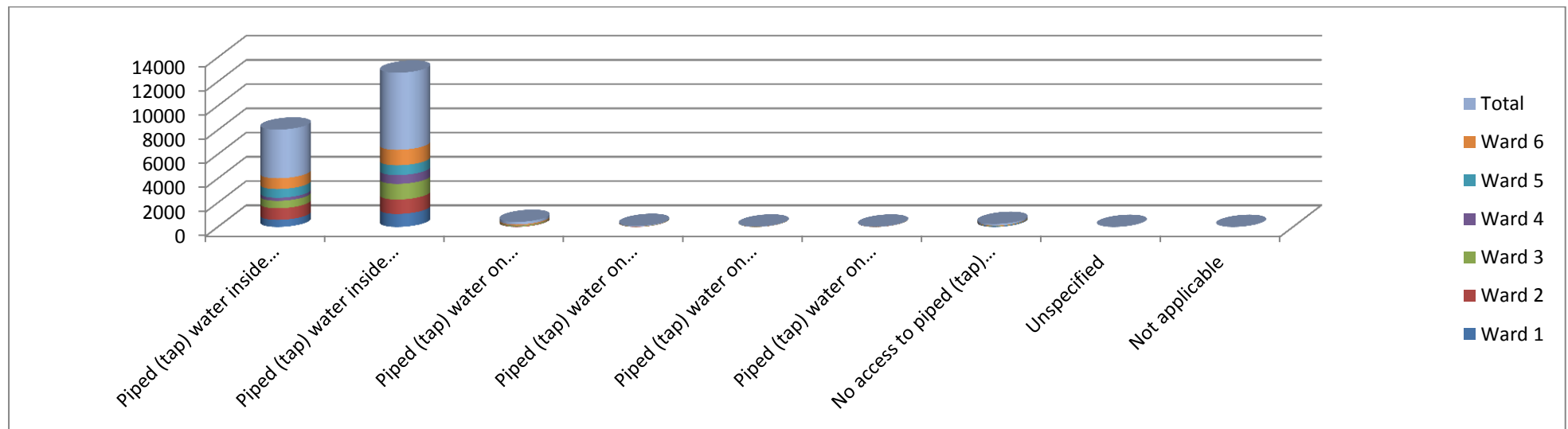


Source: Statistics SA, 2011

Table 13

Geography by Piped water

	Piped (tap) water inside dwelling/institution	Piped (tap) water inside yard	Piped (tap) water on community stand: distance less than 200m from dwelling/institution	Piped (tap) water on community stand: distance between 200m and 500m from dwelling/institution	Piped (tap) water on community stand: distance between 500m and 1000m (1km) from dwelling/institution	Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	No access to piped (tap) water	Unspecified	Not applicable	Total
Ward 1	587	1078	4	-	-	-	35	-	-	1704
Ward 2	959	1187	31	14	3	6	9	-	-	2208
Ward 3	615	1294	76	13	7	5	26	-	-	2036
Ward 4	251	725	15	1	-	-	8	-	-	1000
Ward 5	715	809	3	4	-	-	20	-	-	1552
Ward 6	893	1275	79	9	6	2	28	-	-	2292
Total	4020	6367	209	42	16	14	126	-	-	10793



Source: Statistics SA, 2011

Table 14

Geography by Toilet facilities

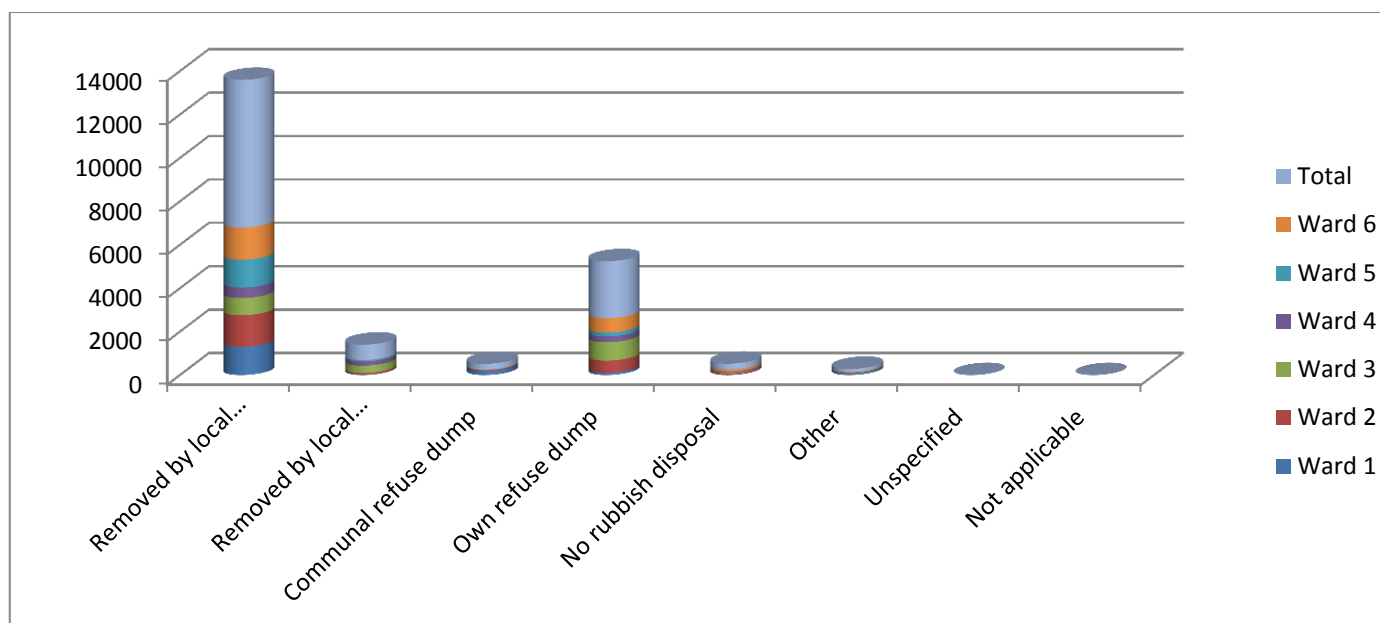
	None	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet with ventilation (VIP)	Pit toilet without ventilation	Bucket toilet	Other	Unspecified	Not applicable
Ward 1	13	1592	19	-	4	-	56	21	-	-
Ward 2	227	1149	108	-	51	72	593	9	-	-
Ward 3	191	1185	24	2	111	121	373	28	-	-
Ward 4	75	554	30	-	79	71	177	14	-	-
Ward 5	41	1489	6	-	5	2	8	1	-	-
Ward 6	269	1645	30	1	91	138	72	45	-	-
Total	816	7614	217	3	341	404	1279	118	-	-

Source: Statistics SA, 2011

Table 15

Geography by Refuse disposal

	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	Unspecified	Not applicable
Ward 1	1313	14	195	108	1	74	-	-
Ward 2	1442	83	32	556	76	19	-	-
Ward 3	796	337	6	853	27	17	-	-
Ward 4	481	193	7	264	44	12	-	-
Ward 5	1283	61	3	177	24	3	-	-
Ward 6	1485	14	16	665	92	20	-	-
Total	6799	702	260	2623	264	145	-	-

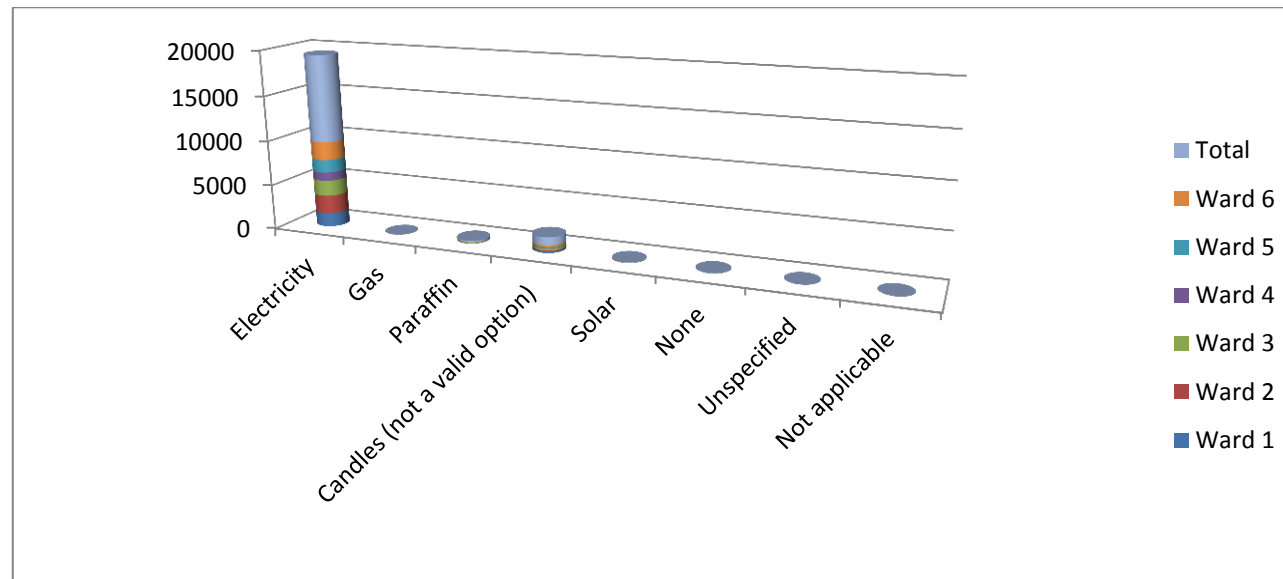


Source: Statistics SA, 2011

Table 16

Geography by Energy or fuel for lighting
for Households

	Electricity	Gas	Paraffin	Candles (not a valid option)	Solar	None	Unspecified	Not applicable	Total
Ward 1	1525	2	28	140	2	7	-	-	1704
Ward 2	2041	2	14	137	10	3	-	-	2208
Ward 3	1739	-	39	247	7	3	-	-	2036
Ward 4	938	-	7	48	7	1	-	-	1000
Ward 5	1432	1	28	89	1	1	-	-	1552
Ward 6	2012	4	48	208	11	10	-	-	2292
Total	9686	9	165	870	38	25	-	-	10793

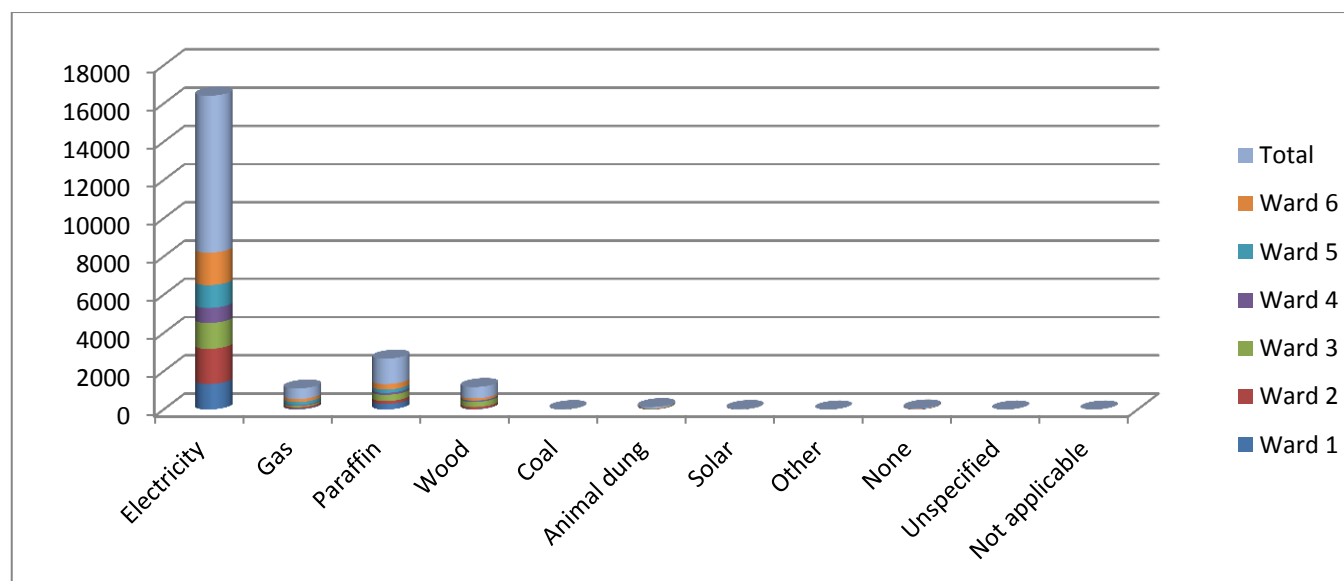


Source: Statistics SA, 2011

Table 17

Geography by Energy or fuel for cooking

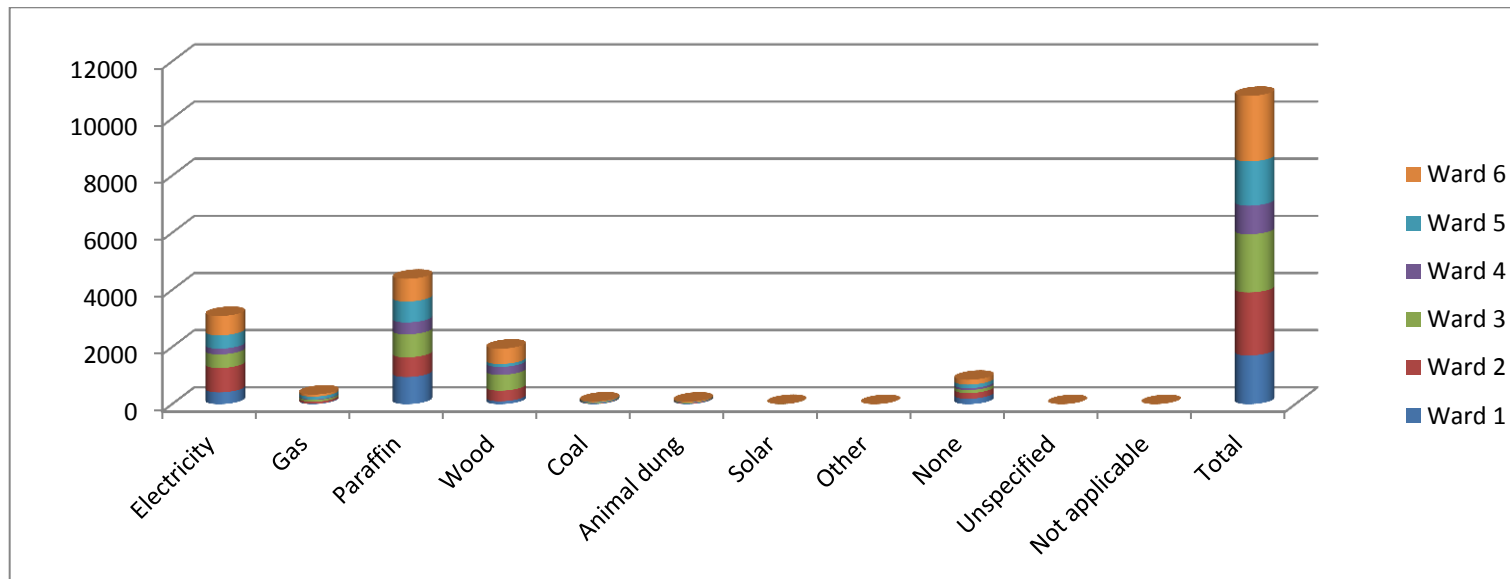
	Electricity	Gas	Paraffin	Wood	Coal	Animal dung	Solar	Other	None	Unspecified	Not applicable	Total
Ward 1	1337	35	295	22	1	10	1	-	4	-	-	1704
Ward 2	1837	88	148	110	2	9	7	1	5	-	-	2208
Ward 3	1356	66	326	268	4	11	3	-	1	-	-	2036
Ward 4	783	42	104	60	2	5	-	-	4	-	-	1000
Ward 5	1197	159	176	17	-	1	1	-	1	-	-	1552
Ward 6	1697	160	283	111	1	28	1	-	12	-	-	2292
Total	8205	551	1332	588	11	64	13	1	27	-	-	10793



Source: Statistics SA, 2011

Table 18
Energy or fuel for heating by Geography

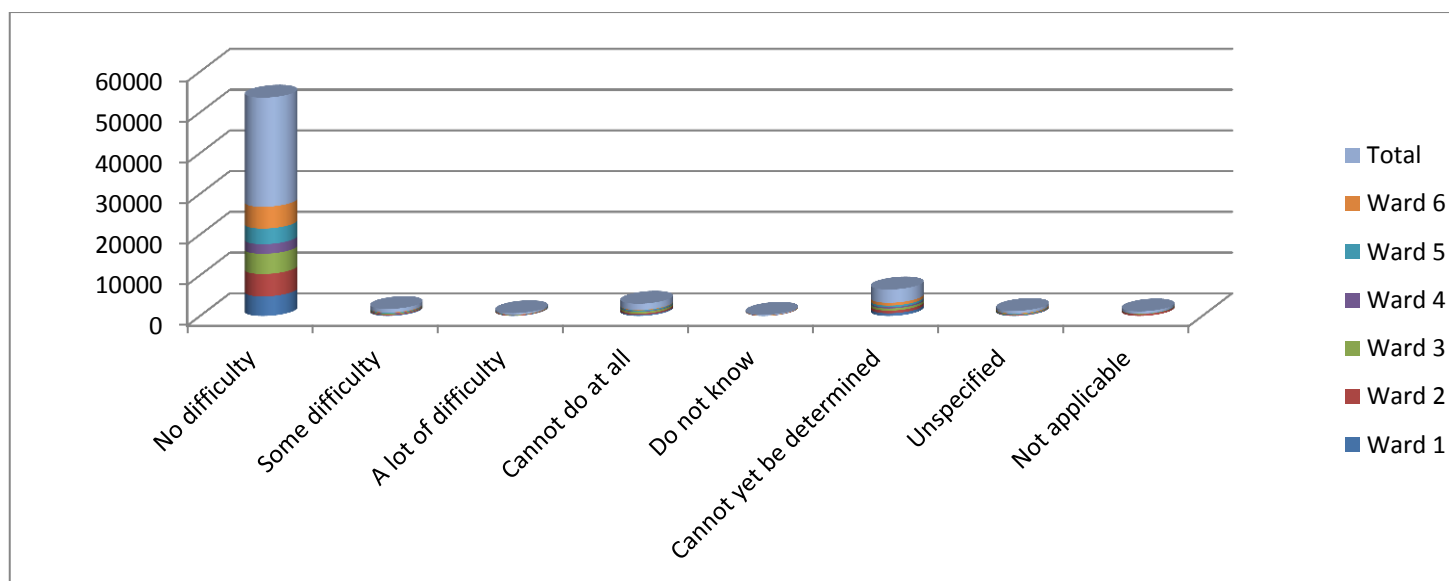
	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
Electricity	412	854	477	200	468	675	3085
Gas	17	68	62	22	95	71	334
Paraffin	949	689	805	419	732	794	4389
Wood	102	370	554	278	102	536	1943
Coal	17	11	13	7	22	23	93
Animal dung	17	16	15	9	7	23	88
Solar	-	1	3	-	-	3	8
Other	-	-	-	-	-	-	-
None	189	199	107	65	125	167	852
Unspecified	-	-	-	-	-	-	-
Not applicable	-	-	-	-	-	-	-
Total	1704	2208	2036	1000	1552	2292	10793



Source: Statistics SA, 2011

Table 20
Geography by Disability Self Care

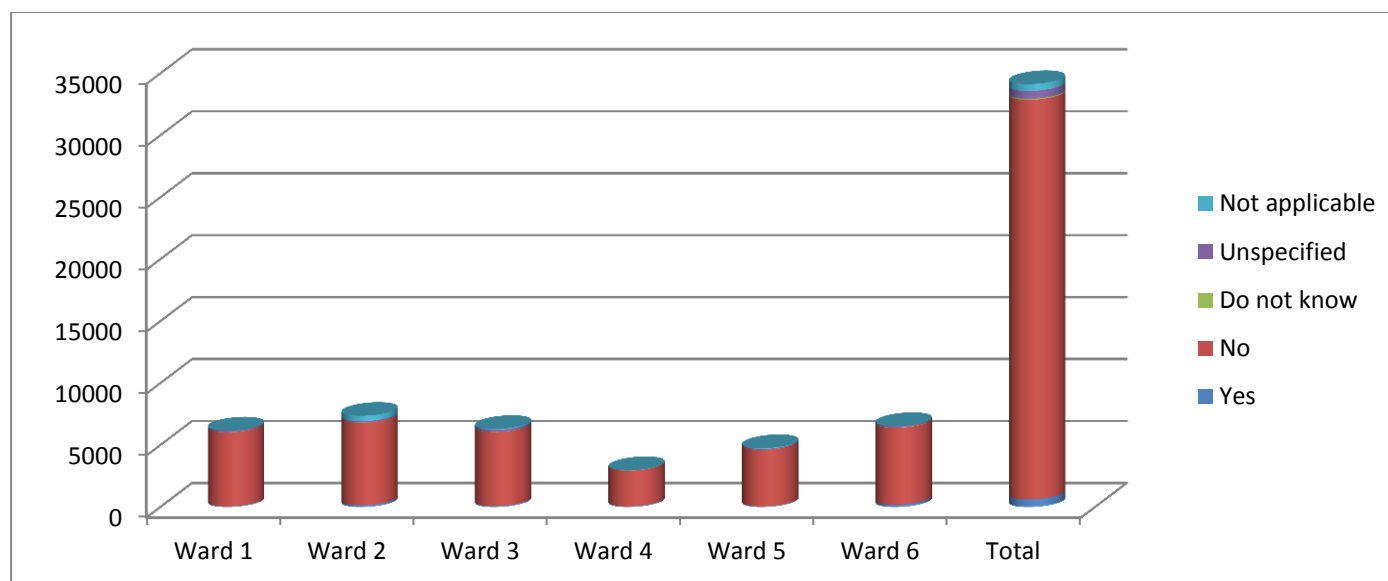
	No difficulty	Some difficulty	A lot of difficulty	Cannot do at all	Do not know	Cannot yet be determined	Unspecified	Not applicable	Total
Ward 1	4800	188	74	271	35	679	134	-	6181
Ward 2	5512	202	94	324	43	645	109	441	7370
Ward 3	4967	144	55	409	11	534	122	65	6307
Ward 4	2358	117	38	116	8	302	42	-	2982
Ward 5	3829	99	19	266	4	404	86	55	4762
Ward 6	5341	117	71	121	58	692	134	8	6543
Total	26808	867	351	1507	160	3256	628	569	34146



Source: Statistics SA, 2011

Table 20
Geography by Disability Assistive devices and medication - Hearing aid

	Yes	No	Do not know	Unspecified	Not applicable	Total
Ward 1	66	5970	12	134	-	6181
Ward 2	158	6665	11	95	441	7370
Ward 3	86	5974	12	171	65	6307
Ward 4	64	2873	12	34	-	2982
Ward 5	59	4570	10	69	55	4762
Ward 6	189	6210	26	110	8	6543
Total	621	32261	83	612	569	34146

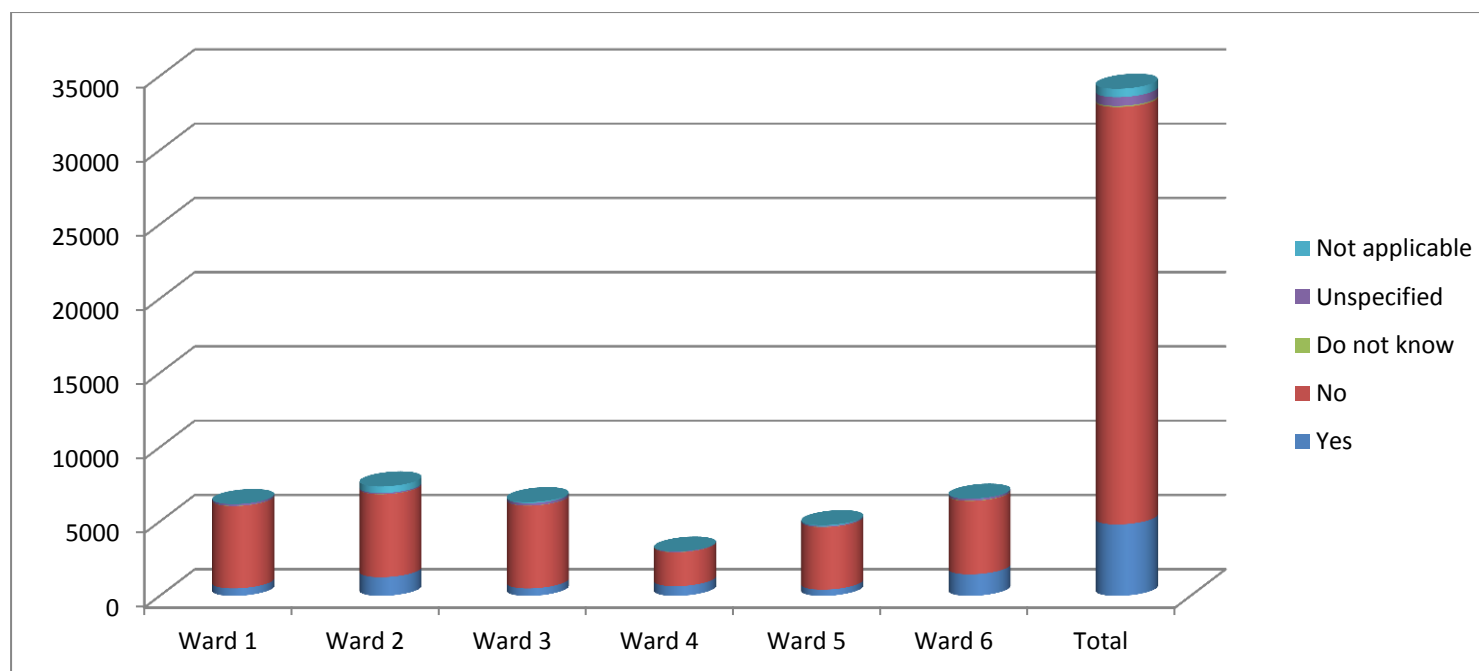


Source: Statistics SA, 2011

Table 21

Geography by Disability Assistive devices and medication - Chronic medication

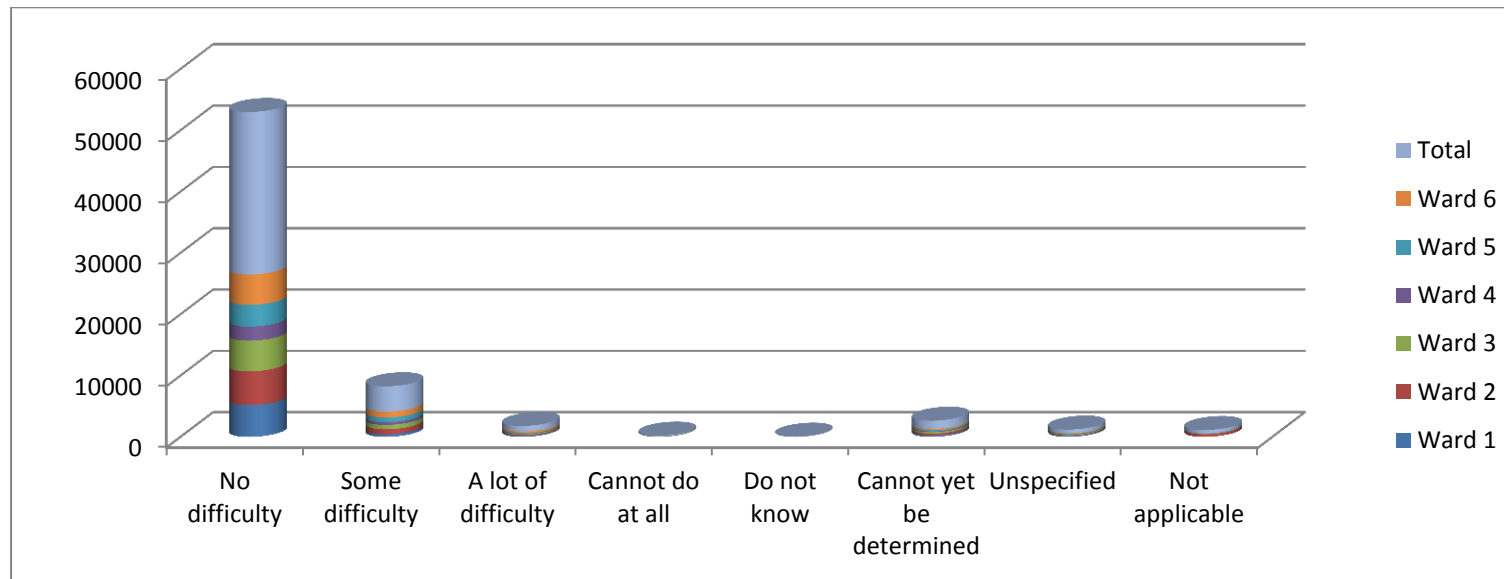
	Yes	No	Do not know	Unspecified	Not applicable	Total
Ward 1	509	5538	11	123	-	6181
Ward 2	1262	5579	9	79	441	7370
Ward 3	507	5565	10	162	65	6307
Ward 4	656	2282	8	36	-	2982
Ward 5	424	4206	9	68	55	4762
Ward 6	1456	4933	20	126	8	6543
Total	4814	28103	67	593	569	34146



Source: Statistics SA, 2011

Table 22
Geography by Disability Seeing

	No difficulty	Some difficulty	A lot of difficulty	Cannot do at all	Do not know	Cannot yet be determined	Unspecified	Not applicable	Total
Ward 1	5175	429	161	20	4	234	158	-	6181
Ward 2	5517	820	149	22	7	306	108	441	7370
Ward 3	4999	714	135	36	4	236	117	65	6307
Ward 4	2303	427	88	7	-	120	37	-	2982
Ward 5	3543	786	89	8	-	190	92	55	4762
Ward 6	4959	953	275	14	9	235	90	8	6543
Total	26496	4129	898	106	25	1322	602	569	34146

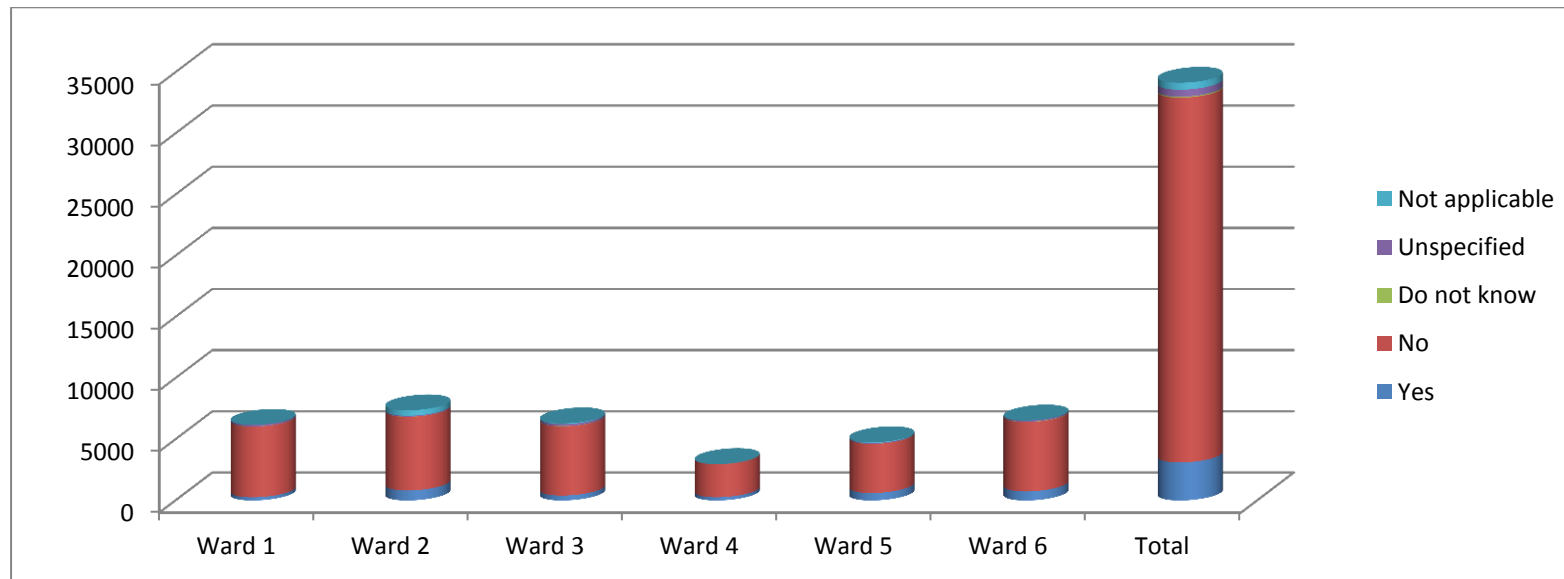


Source: Statistics SA, 2011

Table 23

Geography by Disability Assistive devices and medication - Eye glasses

	Yes	No	Do not know	Unspecified	Not applicable	Total
Ward 1	263	5776	10	132	-	6181
Ward 2	821	6021	10	76	441	7370
Ward 3	406	5661	12	164	65	6307
Ward 4	266	2687	7	21	-	2982
Ward 5	612	4012	10	73	55	4762
Ward 6	744	5664	24	104	8	6543
Total	3112	29821	73	571	569	34146

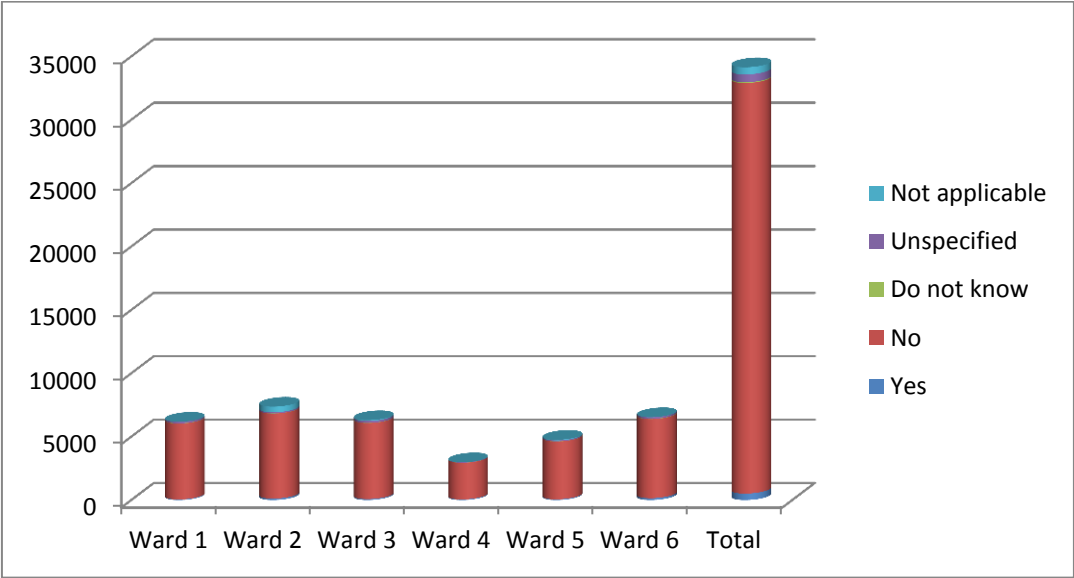


Source: Statistics SA, 201

Table 24

Geography by Disability Assistive devices and medication - A wheelchair

	Yes	No	Do not know	Unspecified	Not applicable	Total
Ward 1	53	5987	17	125	-	6181
Ward 2	120	6709	7	94	441	7370
Ward 3	78	6000	11	153	65	6307
Ward 4	54	2887	7	34	-	2982
Ward 5	59	4564	9	76	55	4762
Ward 6	150	6241	16	128	8	6543
Total	514	32387	66	610	569	34146



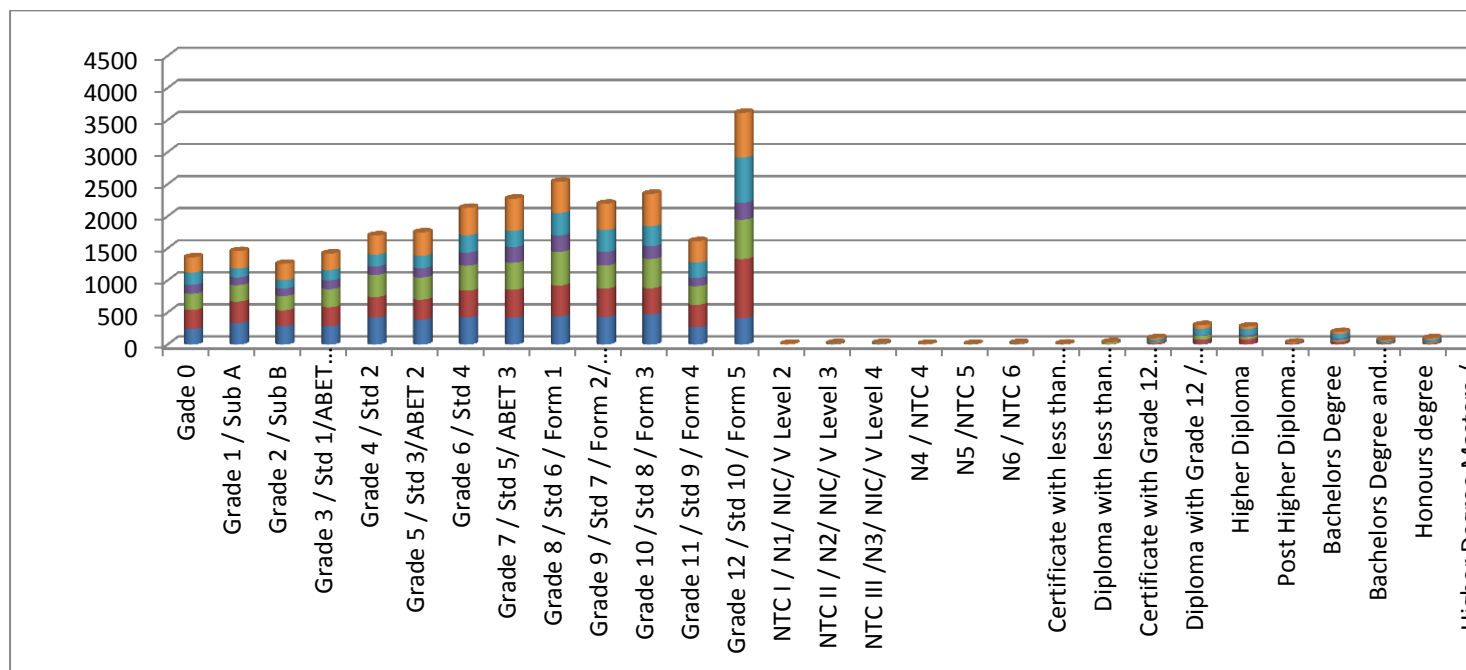
Source: Statistics SA, 2011

Table 25**Highest educational level by Geography**

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
Gade 0	246	296	252	138	192	236	1360
Grade 1 / Sub A	338	334	256	120	139	270	1457
Grade 2 / Sub B	288	249	221	118	130	254	1260
Grade 3 / Std 1/ABET 1Kha Ri Gude;SANLI	288	295	283	138	161	254	1418
Grade 4 / Std 2	421	322	344	134	184	296	1702
Grade 5 / Std 3/ABET 2	388	314	345	144	193	365	1749
Grade 6 / Std 4	427	415	389	205	271	425	2131
Grade 7 / Std 5/ ABET 3	420	436	420	246	253	500	2276
Grade 8 / Std 6 / Form 1	444	478	526	255	349	486	2538
Grade 9 / Std 7 / Form 2/ ABET 4	433	442	358	212	341	409	2195
Grade 10 / Std 8 / Form 3	473	407	454	201	311	504	2350
Grade 11 / Std 9 / Form 4	271	351	290	129	241	330	1612
Grade 12 / Std 10 / Form 5	414	920	614	266	705	694	3612
NTC I / N1/ NIC/ V Level 2	-	4	4	-	-	5	12
NTC II / N2/ NIC/ V Level 3	-	6	4	1	8	3	21
NTC III /N3/ NIC/ V Level 4	2	2	4	2	9	5	24
N4 / NTC 4	-	3	4	-	2	4	14
N5 /NTC 5	-	5	2	-	5	-	11
N6 / NTC 6	-	5	5	2	8	5	24
Certificate with less than Grade 12 / Std 10	-	5	8	2	-	2	17
Diploma with less than Grade 12 / Std 10	2	1	21	-	3	9	37
Certificate with Grade 12 / Std 10	3	23	15	11	31	18	101
Diploma with Grade 12 / Std 10	14	62	60	12	99	57	303
Higher Diploma	7	75	37	29	94	40	282
Post Higher Diploma Masters; Doctoral Diploma	-	14	2	3	6	5	30
Bachelors Degree	6	38	28	22	71	31	195
Bachelors Degree and Post graduate Diploma	-	14	12	13	19	12	69
Honours degree	1	23	15	7	36	17	99
Higher Degree Masters / PhD	-	18	8	6	10	5	47

Table 25**Highest educational level by Geography**

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Total
Other	-	13	-	5	9	3	31
No schooling	465	563	517	214	328	588	2674
Unspecified	-	-	-	-	-	-	-
Not applicable	832	1234	810	346	556	715	4494
Total	6181	7370	6307	2982	4762	6543	34146



Source: Statistics SA, 2011

Table 26
Geography by Computer access by household

	Yes	No	Total
Ward 1	58	1646	1704
Ward 2	364	1843	2208
Ward 3	172	1864	2036
Ward 4	87	914	1000
Ward 5	297	1255	1552
Ward 6	206	2087	2292
Total	1184	9609	10793

Source: Statistics SA, 2011

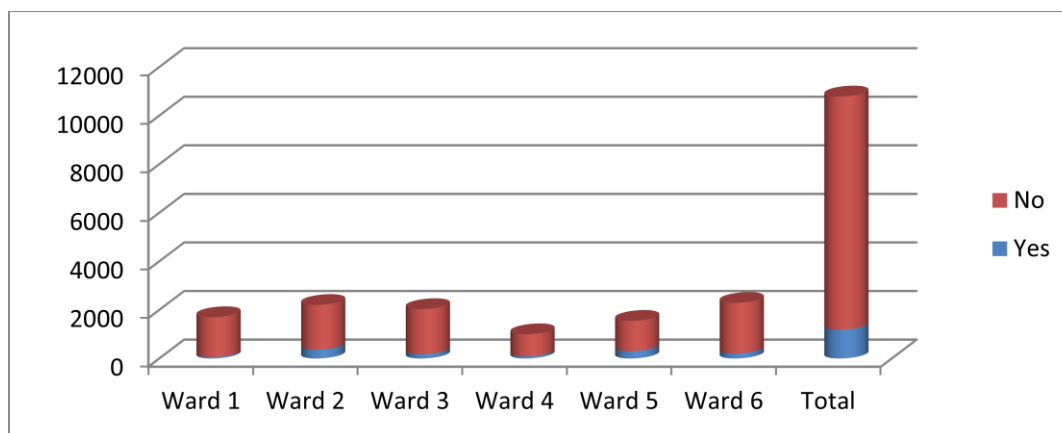


Table 26
Geography by Access to internet

	From home	From cell phone	From work	From elsewhere	No access to internet	Total
Ward 1	33	99	7	38	1528	1704
Ward 2	108	335	96	122	1546	2208
Ward 3	45	302	42	45	1602	2036
Ward 4	41	141	12	57	749	1000
Ward 5	112	218	91	48	1083	1552
Ward 6	66	266	35	109	1815	2292
Total	405	1362	283	419	8324	10793

Source: Statistics SA, 2011

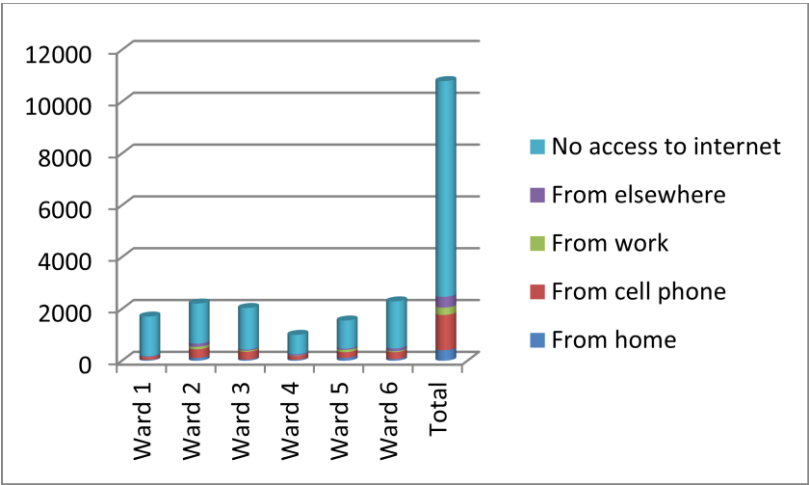


Table 27
Geography by Cell phone

	Yes	No	Total
Ward 1	1248	456	1704
Ward 2	1891	317	2208
Ward 3	1608	428	2036
Ward 4	834	167	1000
Ward 5	1410	142	1552
Ward 6	1947	345	2292
Total	8938	1855	10793

Source: Statistics SA, 2011

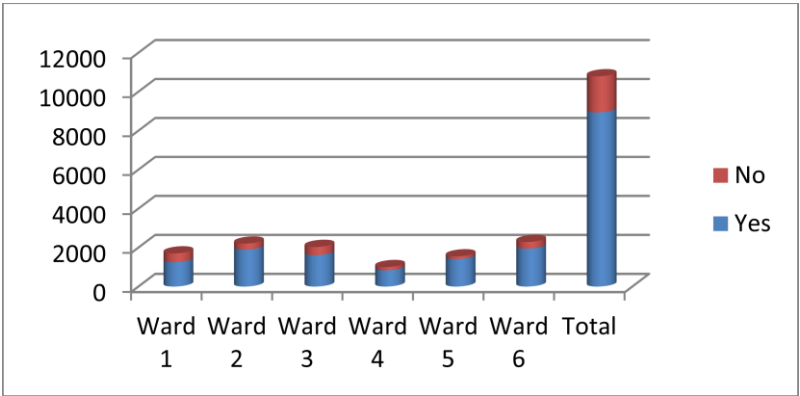


Table 28
Geography by Radio

	Yes	No	Total
Ward 1	1143	561	1704
Ward 2	1632	576	2208
Ward 3	1474	561	2036
Ward 4	732	269	1000
Ward 5	1227	325	1552
Ward 6	1657	636	2292
Total	7864	2928	10793

Source: Statistics SA, 2011

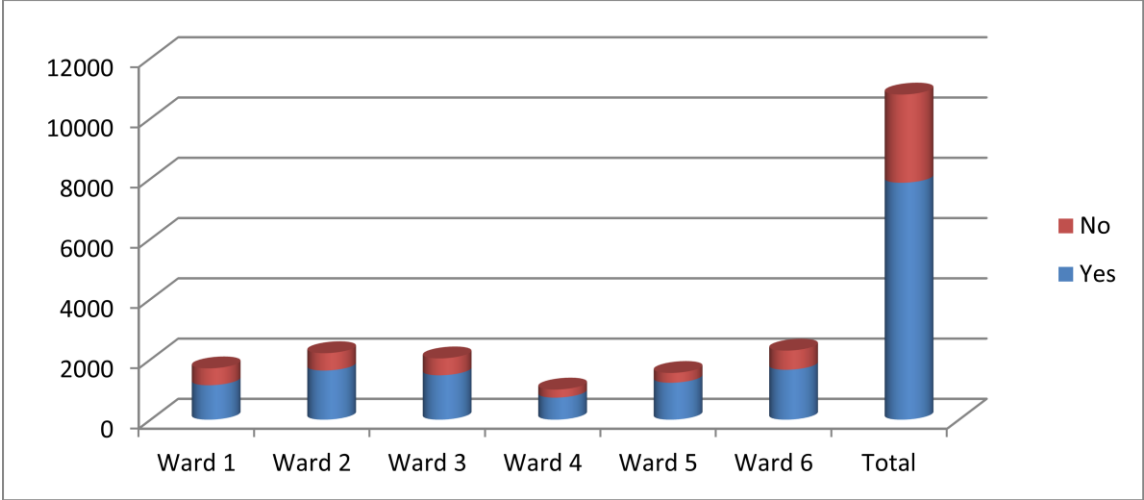


Table 28
Geography by Television

	Yes	No	Total
Ward 1	1242	462	1704
Ward 2	1655	553	2208
Ward 3	1332	704	2036
Ward 4	693	308	1000
Ward 5	1251	301	1552
Ward 6	1527	765	2292
Total	7700	3093	10793

Source: Statistics SA, 2011

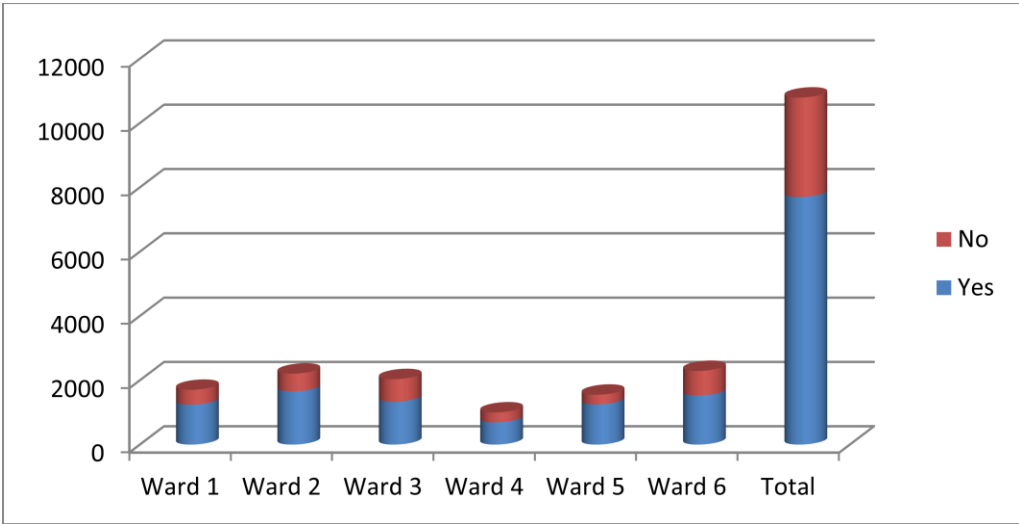
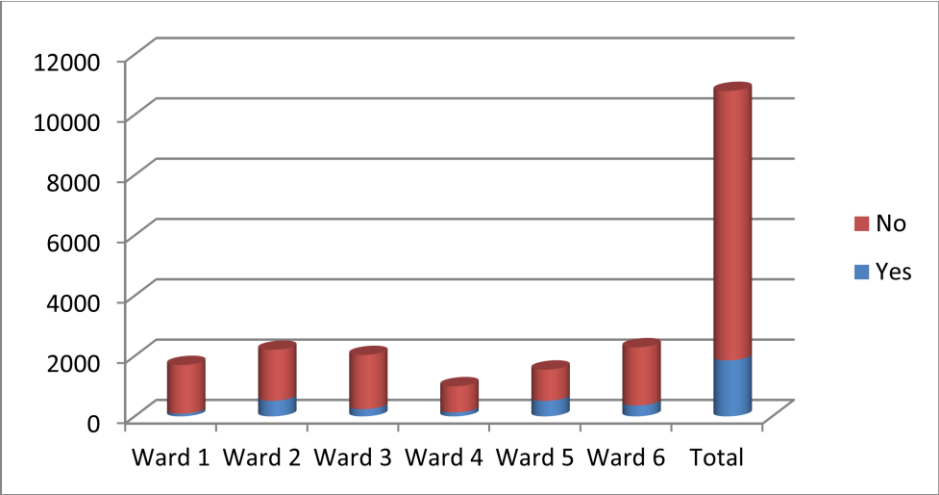


Table 29
Geography by Satellite television

	Yes	No	Total
Ward 1	91	1614	1704
Ward 2	518	1690	2208
Ward 3	242	1794	2036
Ward 4	133	868	1000
Ward 5	514	1038	1552
Ward 6	362	1931	2292
Total	1858	8934	10793



1.3. Service Delivery Overview

The Municipality is mandated to provide basic services through its technical services department which is sub-divided into the following division: roads & storm water, sanitation, water, electricity and the Project Management Unit.

In order to deliver on this mandate the technical services has been provided with both Capital and Operational budget. The Capital budget is been managed by the Project Management unit whereas the Operational budget is managed through the three units namely Zastron, Rouxville and Smithfield.

The Capital budget is exclusively composed of grants from sector departments through provision as set out by Treasury.

Capital Budget – Financial performance

The table below gives a summary of the financial performance for all the service delivery grants allocated for the year.

NAME OF GRANT	ALLOCATION	TRANSFERRED AMOUNT	EXPENDITURE	EXPENDITURE IN %
Municipal Infrastructure Grant	R 17 462 000.00	R 16 656 264.00	R 16 656 264.00	95%
Regional Bulk Infrastructure Grant	R 35 000 000.00	R 29 052 274.00	R 29 052 274.00	83%
TOTAL	R 52 462 000.00	R 45 708 538.00	R 45 708 538.00	87%

From the above, it can be deduced that the municipality has managed to spend 95% on its Municipal Infrastructure Grant (MIG) and 83% on the Regional Infrastructure Grant; the combination of the two mentioned figures gives a total of 87% expenditure of the municipal overall annual allocation. An application for roll-over for Regional Bulk Infrastructure Grant (RBIG) is being handled by the Department of Water and Sanitation (DWS-FS).

Projects Implemented under MIG

Table 1: Expenditure per project

Project Description	MIG Approved Project Value	Overall Expenditure on the Project	Expenditure for 2014/15
Mohokare PMU	R 873 100.00	R 873 100.00	R 873 100.00
Mohokare: Upgrading of the Caledon water scheme to Smithfield	R 12 770 000.00	R 12 768 891.03	R 16 758.00
Smithfield/Somidopark: Construction of 3km access collectors, internal streets and related	R17 268 747.00	R 1 800 801.00	R 1 800 801.00
Releleathunya/Rouxville: Upgrading of the Sports Ground	R 2 832 600.00	R 2 832 571.55	R 52 395.00
Zastron/Matlakeng: Upgrading of internal streets in Matlakeng (2.9 km)	R 16 895 195.89	R 15 853 191.00	R 9 181 814.19
Zastron/Matlakeng: Upgrading of Matlakeng Sports ground	R 3 196 692.00	R 2 736 159.52	R 460 532.48
Smithfield/Somidopark: Installation of 14 high mast lights	R 4 904 673.00	R 4 659 439.35	R 4 659 439.35
Mofulatshepe: Upgrading of sports ground	R 3 302 322.00	R 1 000 000.00	R 1 000 000.00
Total			R 18 044 840.02

Project Implemented under RBIG – Financial performance

Upgrading of the Rouxville Water Treatment Plant	R 11 605 134.51
Upgrading of the 15km raw water pipeline in Zastron	R 17 956 051.11
TOTAL	R 29 561 185.62

PHYSICAL PROGRESS ON PROJECTS – MIG

Mohokare: Upgrading of the Caledon water scheme to Smithfield

The project is complete and the municipality is in position of a close-out report. The project was included in the list of 2014/2015 project list because there was an amount of R 16 758.80 which was utilized in the project.

Upgrading of Roleleathunya Sports Ground

The project is complete. The project was included in the list of 2014/2015 project list because there was an amount of R 52 395.00 which was utilized in the project.

Upgrading of internal streets in Matlakeng (2.9 km)

The project was executed from the 2013/2014 financial year and overlapped into to 2014/2015 financial year, the project has been completed and the municipality is in a position of a close-out report.

Smithfield/Mofulatshepe: Installation of 14 high mast lights

The project is complete and it is currently within the defects liability period until end of April 2015.

Upgrading of Matlakeng Sports ground

The project is complete and it is currently within the defects liability period until the end of August 2015.

Smithfield/Somidopark: Construction of 3km access collectors, internal streets and related

The project is currently at construction stage with a scheduled completion 28 May 2016. The project overlaps from the previous financial year, 2014/2015 into the 2015/2016 financial year.

Mofulatshepe: Upgrading of sports ground

The project is currently at construction stage with a scheduled completion 30 September 2015. The project overlaps from the previous financial year, 2014/2015 into the 2015/2016 financial year.

PHYSICAL PROGRESS ON PROJECTS – REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)

Upgrading of the Rouxville Water Treatment Works

Physical progress on site is currently at 85%, the municipality acknowledges the delays on the completion of the project. There have been a number of challenges facing municipality with regard to this project to an extent that, the previous contractor was terminated due to poor workmanship and delays towards completion of the works. New contractor was appointed and the progress on site progressed well however, currently there municipality is undergoing an adjudication process with regard to disagreements within the contract.

Construction of a 15 KM Pipeline from Montigu dam to Kloof dam and to the Zastron Water Treatment Works

The project is at a construction stage with 90% physical progress. The project has exceeded the original scheduled completion date due to a number of factors which include issues EIA, delays on delivery of material by suppliers, strikes and inclement weather conditions. The project is due for completion by the 15th of August 2015.

The following table gives a brief picture of the level of service provision within the Municipality:

Basic Service (Household access to:)	% provision		
	MTEF Period		
	2012/13	2013/14	2014/15
Water	100%	100%	100%
Sanitation	100%	100%	100%
Electricity	100%	100%	100%
Refuse removal	100%	100%	100%

It is notable that Mohokare local municipality provides 100% of households with access to drinking / portable water, however the shortfalls within the sanitation provision are also worrying and the municipality has begun with the first phase of ensuring that buckets in are finally eradicated through the regional bulk water scheme, which will oversee the completion of the bucket system in Mohokare.

Electricity projects are ongoing and are implemented as per funding criteria of the department of Energy.

In terms of refuse removal, the greatest need is the equipment/machinery, with an increase in equipment, more progress can be witnessed.

1.4. Financial Health Overview

Mohokare is a highly grant dependent municipality with a high number of indigent households, as a result the municipality cannot generate sufficient income to fund its operations adequately.

Through the assistance of other government departments and government entities the municipality is in the process in turning around its financial viability and improving its cash flow management.

Pricing of Services

In order to remain financially viable and sustainable, the municipality must generate sufficient resources. As limited scope exists to generate alternative revenue, it is necessary to increase tariffs annually above the inflation rate. The present increase is set at 10% per annum.

The determining of tariffs is the responsibility of Council, as per the provision of the Local Government Municipal Systems Act. Affordability was an important factor when considering the rates and tariff increases. Consideration was also given to the alignment between the resources of the municipality, level of service and customer expectations.

Rates

The rates increased by 10% during the year under audit

Service Charges

The 10% increase in water tariffs are as a result of (amongst other factors), the water loss intervention program, the increase in maintenance of ageing infrastructure and the roll out of infrastructure to new areas / developments.

Indigents

Furthermore, the number of indigents has increased from 1578 to 2054 for the year under audit. The free basic services program is put in place in order to provide free services to residents who cannot afford to pay the services. This also contributed to the need to increase tariffs.

The cost of the indigents was funded from the equitable share allocated to Council by National Treasury in terms of the Division of Revenue Act.

General

The following service delivery challenges also influenced the levels of tariffs and service charges for the municipality:

- The developmental challenge to address the service delivery backlogs in all towns of the municipality.
- The declining local economy will be insufficient to absorb the unemployed and this will have a service delivery impact and harm the ability of the municipality to sustain its revenue base to finance extended services.

The other general contributory factors for the increase in levels of rates and service charges were:

- Salary increase of 6.4% with effect from 1 July 2014;
- Provision for the filling of critical vacancies;
- Rollout of infrastructure and the provision of basic services; and
- Increased maintenance of network and structures.

Intervention measures implemented for 2014/15 Government debt.

Over the years Mohokare Local Municipality has developed a good relationship with the Provincial and National Governments. There have been notable successes in recovering outstanding debts; however there are still a number of unresolved issues. This relationship did yield fruit in the form of increase payment for services rendered.

Secondly, the municipality has engaged in the process of gathering data of all vacant erven billed per month, investigate ownership and advertised in the provincial gazette to recover the sites for re-allocation.

Thirdly, categorization of debtors per:

Department:

Business:

Households:

One of the most pertinent issues is the debt accumulated over a number of years. The total outstanding debt is standing at R95 831 311 with a collection rate of 45%. To accelerate collection and increase the collection rate, the council reviewed the credit control and debt collection policy on the 28 May 2014.

Lastly, the municipality further employs the services of its lawyer to assist in the collection of outstanding debts in respect of those accounts handed over.

Council properties

Council properties are not ratable as per the rates policy.

Arrest a debt

The process of conducting road shows per wards to identify all qualifying indigents is being accelerated so that more customers are targeted. The main intention of the Municipality is to contain debt on customers so that it doesn't become too large to manage.

The last resort will be recommendation to council to write-off the account of all affected households or insolvent business.

Recession and National Credit Act

The recession had a negative impact on the collection of outstanding debts. Customers could not afford to pay outstanding amounts.

Certain consumers were granted extended terms to pay. These customers could not raise loans to pay outstanding Municipal accounts because of the National Credit Act. The banks requirements for granting loans became stringent and that had a huge impact in recovering outstanding amounts.

Asset Register

A GRAP compliant asset register is in operation. The biggest challenge now is the maintenance of the assets and the asset register.

Institutional Transformation

The municipality had succeeded into reviewing the IDP successful in-house.

The municipality's budget is compiled per the format as prescribed by the MFMA, as is also done in-house.

Key Challenges Facing the Municipality

Mohokare Local Municipality's economy is very weak with only agricultural activities as its main economic activities and experiencing a high unemployment rate. The above factors place a large task on the Municipality to revive its economy in order to create job opportunities. The key challenges for the municipality are:

- To develop a coherent local economic development strategy to create job opportunities.
- To ensure sustainability of the Municipality through sound administration and financial management.
- Deepening participatory democracy and good governance.
- To enhance effective service delivery to the community.

In the current year the annual financial statements were prepared in compliance with the GRAP accounting framework. The basis of accounting is consistent with prior years with the exception that no exemptions were issued by National Treasury for the current year.

Operating Ratios	
Detail	%
Employee Cost	38%
Repairs & Maintenance	52%
Debt recovery	6 days
Cost coverage	-2 months
Liquidity ratio	57.8%

1.5. Organizational Development Overview

One of the most critical and key instruments towards a positive output in organizational development is the integrated performance management system, however Mohokare has had a long outstanding challenge of the absence of such a system (PMS).

The performance management System Policy was adopted by Council in 28 August 2014 and a reviewed Policy was adopted on the 1st December 2014.

The Service Delivery and Budget Implementation Plan (SDBIP) was developed and approved by Council in July 2014 and the reviewed SDBIP was adopted on the 26 February 2015.

Annual Performance Agreements and Plans for Directors were signed by the Municipal Manager and section 56/57 managers in July and submitted to Provincial CoGTA and Treasury.

Performance agreements and plans for Managers until clerical level were developed and signed in September 2014 as a start to cascade down performance. Performance assessments have not yet been conducted.

1.6 Auditor General Report

AUDITOR GENERAL REPORT: 2013/2014 FINANCIAL YEAR

The municipality maintained a qualified audit opinion with findings on receivables from exchange transactions, services charges, irregular expenditure, fruitless and wasteful expenditure, pre-determined objectives and compliance with laws and regulations.

The Final Management Report is attached as Annexure under Chapter 6 of this report.

1.7. STATUTORY ANNUAL REPORT PROCESS

1.7.1. Purpose of the Annual Report

The purpose of the annual report is to comply with Section 46 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as well as section 121 of Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

The Annual Report has been compiled to form part of the Annual Performance Report, in line with section 121 (2)(b) (c) of Local Government : Municipal Finance Management Act 2003, (Act no 56 of 2003).

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize 4 th quarter Report for previous financial year	
4	Submit draft 2014/2015 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7	Mayor tables the unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
10	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	
11	Municipalities receive and start to address the Auditor General's comments	September –
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	November
13	Audited Annual Report is made public and representation is invited	
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight report	

No	Activity	Timeframe
16	Oversight report is made public	December
17	Oversight report is submitted to relevant provincial councils	
18	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	January

Chapter 2: GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Municipality is an organ of state within the local sphere of government. Mohokare Local Municipality is a municipality with a plenary system combined with a ward participatory system as contemplated in section 2(f) of the Determination of types of Municipality Act, 2000 (Act No. 1 of 2000). Mohokare Council have executive and legislative powers, they have the authority to make laws and decisions about the affairs of residents and communities.

The role played by municipal councils is to:

- Make decisions concerning the exercise of all the powers and the performance of all the functions of the municipality
- must elect its chairperson;
- Must elect an executive committee and other committees, subject to national legislation;
- Must employ personnel that are necessary for the effective performance of its functions.

The role played by the Municipal Administration is to ensure implementation of decisions and laws passed by the Council.

Component A

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The primary role of the municipal council is that of political oversight of the municipality's functions and programmes. The powers of local government as outlined in the Constitution of the Republic of South Africa chapter 7, section 160(1) are vested in the municipal council, which has legislative authority and executive authority. The Municipal Council is led by the Honorable Mayor while the administration is governed by the Municipal Manager who ensures that the decisions and policies of the Council are implemented.

2.1 Political Governance Structure

Mohokare Local Municipality was established in terms of the provincial Gazette No. 14 of 28 February 2000 issued in terms of Section 21 of the Local Government Notice and Municipal Demarcation Act No.27 of 1998

Mohokare is a Local Municipality and was established on 5 December 2000. Mohokare is made up of three former TLC Local Authorities which are Zastron, Rouxville and Smithfield. The 2008/2009 demarcation processes saw this Municipality increase from having only 5 wards to 6 wards and this process brought about a gain of one more seat in the council, meaning that Mohokare now has a total number of 11 public representatives constituting the council, however this did not change the type of a council Mohokare was, it remained to be a plenary type of a Council.

Subsequent to the successfully held May 18, 2011 Local Government elections, the Council changed as outlined below:

- | | |
|--|-------------------------|
| 1. Mayor & Ward 4 Councilor: | Cllr. M.A. Shasha |
| 2. Ward 1 Councilor | Cllr. T. Khasake |
| 3. Ward 2 Councilor | Cllr. M. Letele |
| 4. Ward 3 Councilor | Cllr. L. Lekhula |
| 5. Ward 5 Councilor | Cllr. E.T. Backward |
| 6. Ward 6 Councilor | Cllr. R. Thuhlo |
| 7. Democratic Alliance PR Councilor | Cllr. I. Riddle |
| 8. Democratic Alliance PR Councilor | Cllr. S. Pokane |
| 9. African National Congress PR Councilor | Cllr. M. J. Sehanka |
| 10. African National Congress PR Councilor | Cllr. N. I. Mehlomakulu |
| 11. African National Congress PR Councilor | Cllr. S. B. Majenge |

Councillors are elected by the local registered voters in their respective wards and represent their respective constituents in local council. Mohokare has a total of eleven (11) seats with nine (9) councilors from the ANC and two (2) from the DA.

Council Committees

The new Council of Mohokare Local Municipal Council resolved to establish section 79 committees and named them as follows:

COMMITTEE	MEMBERS
OVERSIGHT COMMITTEE	Cllr I. Riddle (Chairperson) Cllr I. Mehloakulu Cllr B. Majenge Cllr. E. Backward Ps L. Thene (Community Member) Me L Lephuting (Community Member) Mr. V Vapi (Audit Committee member) Me. T.L Ravele (Secretary)
PUBLIC ACCOUNTS COMMITTEE	Cllr. S. Pokane (Chairperson) Cllr. M.J Sehanka Cllr. M.A Letele
SEC 79 COMMITTEES:	MEMBERS
Corporate Services	Cllr L. Lekhula (Chairperson) Cllr M.J Sehanka Cllr M.A Letele Cllr S. Pokane
Technical Services	Cllr B.S Majenge (Chairperson) Cllr T.S Khasake Cllr L. Lekhula Cllr I.S Riddle
Planning & LED	Cllr E.T Backward (Chairperson) Cllr R.J Thuhlo Cllr S. Pokane Cllr I. Mehloakulu
Finance Committee	Cllr R.J Thuhlo (Chairperson) Cllr M.J Sehanka Cllr M.A Letele Cllr I. Mehloakulu
Community Services	Cllr T.S Khasake (Chairperson) Cllr B.S Majenge Cllr E.T Backward Cllr I.S Riddle

Important to note from the above committees is the following:

- a) That the Audit committee is a district shared committee utilized by all Municipalities within the Xhariep District.

SITTINGS OF THE ORDINARY COUNCIL AND SECTION 79 COMMITTEE MEETINGS
FOR THE FINANCIAL YEAR 2014/2015

Ordinary Council meetings	Meeting Dates
First Quarter	28 August 2014
Second Quarter	01 December 2014
Third Quarter	26 February 2015
Fourth Quarter	28 May 2015
Finance committee	
First Quarter	22 July 2014
Second Quarter	28 October 2014
Third Quarter	10 February 2015
Fourth Quarter	21 April 2015
Community Services committee	
First Quarter	23 July 2014
Second Quarter	29 October 2014
Third Quarter	17 February 2015
Fourth Quarter	22 April 2015
Technical Services committee	
First Quarter	23 July 2014
Second Quarter	29 October 2014
Third Quarter	28 January 2015
Fourth Quarter	22 April 2015
Corporate Services Committee	
First Quarter	22 July 2014
Second Quarter	Meeting was not held
Third Quarter	27 January 2015
Fourth Quarter	21 April 2015
Planning and LED committee	
First Quarter	24 July 2014
Second Quarter	30 October 2014
Third Quarter	29 January 2015
Fourth Quarter	23 April 2015

Council Resolutions

The Council is the policy maker, decision maker and the ultimate accountability for this structure is to the communities that they represent, therefore all business that Council undertakes is of the interest of its constituency which are communities in Mohokare jurisdiction.

The Council implements its objectives by taking resolutions on how to improve people's lives and the implementation of these resolutions is delegated to the Accounting Officer, the Municipal Manager.

An average of 67, 40% of council resolutions that were passed during the year under review, was resolved successfully. The remainders of the resolutions were pending at year end as they were resolutions that were on-going and required particular processes to be undertaken therefore were carried over to the next financial year.

Council resolution which were not implemented and the reasons why thereof:

ITEM	RESOLUTION	ACTION TAKEN	REASONS FOR NON-ACHIEVEMENT
ORDINARY COUNCIL MEETING 28 AUGUST 2014			
ROUXVILLE DEVELOPMENT AGENCY REPORT	a) The matter has been referred back to the Municipal Manager to advice Council. All communications on the matter will be done via the office of the Municipal Manager.	Presentations were made by prospective investors at different meetings. RDA submitted a draft SLA to council. Council referred it back. Requested the RDA to amend the SAL in line with LED proposal where after it will be resubmitted.	Arrangement to be finalised for presentation to happen to Council
REPORT ON LAND INVASION IN MATLAKENG AT ZASTRON	A report should be tabled in the next Council meeting on the matter of land invasion as Council emphasized the need for this matter to be resolved and people occupying municipal land to be removed from that land	Report presented to Council on this matter hence a request from the committee to invite WEBBERS Attorneys to Council meeting to do a presentation on the 28 of August 2014. Apology was received that they will not be able to attend Another meeting was held in Bloemfontein with WEBBER Attorneys on the 29th of September 2014. A report has been compiled for Council meeting scheduled for 27th November 2014. A list of respondents was submitted to Mr. De Wet at WEBBERS Attorneys to facilitate	The matter is still in the hands of Webbers attorneys who are dealing with case

ITEM	RESOLUTION	ACTION TAKEN	REASONS FOR NON-ACHIEVEMENT
		the proceedings. The letter and documents required by WEBBER ATTORNEYS were sent to facilitate the case.	
ORDINARY COUNCIL MEETING HELD ON THE 01 Dec 2014			
UPGRADING OF MATLAKENG/ZASTRON SPORTS GROUND	a) Technical services to fast track the matter of electricity at the sports ground as it is long overdue.	A request for connection was done by the contractor, awaiting connection by Eskom	The contractor failed to produce proof of payment to Eskom and the Municipality has now utilized the retention fees to make payment for connection
BLUE AND GREEN DROP REPORT	<p>a) The Municipality to enter into a short term contract with chemical, material and spares suppliers.</p> <p>b) Cost recovery methods on the operation of the treatment plant should be explored which are supply of effluent to agricultural sector, production of fertilizers and others.</p>	<p>The matter is attended to by Supply Chain division</p> <p>The matter is still been investigated</p>	<p>Yet to be attended by Finance</p> <p>A research is still underway</p>
ELECTRICAL SERVICES MONTHLY REPORT	Council approved that the new Service level agreement between the Municipality and Centlec be concluded urgently in order to ensure improvement in the performance of their service.	The matter was discussed during the strategic session and follow-up is been done administratively	The program is with the office of the MEC
ROADS AND STORMWATER SERVICE MONTHLY REPORT	<p>a) Purchasing of road machineries should be prioritized, e.g. TLB and others.</p> <p>b) Storm water channels to be prioritised in all three (3) towns as they have a huge impact on the maintenance of roads.</p>	<p>On hold due to cash flow challenges</p> <p>Underground storm water pipes are currently been unblocked in Zastron</p>	Under operational program
SPECIAL COUNCIL MEETING 26TH FEBRUARY 2015			

ITEM	RESOLUTION	ACTION TAKEN	REASONS FOR NON-ACHIEVEMENT
ROADS AND STORM WATER SERVICES MONTHLY REPORT	A program on road and storm water maintenance has to be developed with Councillors to be informed on the availability of machinery in their specific wards.	The program was developed however availability of the machinery hinders the program	The program was developed however availability of the machinery hinders the program
ELECTRICAL SERVICES MONTHLY REPORT	<p>a) Centlec to provide monthly reports as per the service level agreement and to further develop Electricity Master Plans.</p> <p>b) Management is requested to assist Technical Services with appointment of extra staff to assist the Electrical Technician.</p>	<p>SLA still to be finalized with CENTLEC</p> <p>Human Resource department to assist</p>	<p>SLA still to be finalized with CENTLEC</p> <p>A request for filling of this post was submitted to Human Resource. Delayed due to financial constraints</p>
SPECIAL COUNCIL MEETING 26TH FEBRUARY 2015			
CENTLEC – MOHOKARE ELECTRICITY BUDGET 2015/2016	Council recommended that Centlec should suspend the two officials that are assigned to service Mohokare and submit a report on the action taken as they are not serving the community of Mohokare in a good manner.	The matter was tabled in the Council meeting	Investigation is still underway

ITEM	RESOLUTION	ACTION TAKEN	REASONS FOR NON-ACHIEVEMENT
ORDINARY COUNCIL MEETING HELD 28 MAY 2015			
BURIAL OF INDIVIDUALS ON TOP OF THE OTHER: ZASTRON OLD LOCATION - THE ENVIRONMENTAL IMPACT AND THE CONTROL MEASURES	The report was referred back to Section 79 Committee due to a research that management was tasked to conduct at the old cemeteries.	The Committee requested the matter to be verified through assistance of the Province before closing of the cemetery.	Awaiting response from relevant Provincial office
13.4.8 REPORT ON A BURNT HOUSE IN ROUXVILLE	Council resolved that management has to include the house on the list of houses to be rebuilt through RDP processes upon the request of the family.	The Family was informed about the inclusion of their house into the waiting list of houses for future allocation.	Allocation of housing projects not done yet by the Province
MINUTES OF THE SPECIAL COUNCIL MEETING HELD 26th OF JUNE 2015			
REPORT ON MUNICIPAL VACANT SITES FOR DISPOSAL	Management has to go back and verify the list of sites for sale through consultations with Ward Councilors and Ward Committee members' prior submission to Council.	The list were provided to all Councillors and Ward assistance and were verified	The project is on-going-verification of title deeds are done and await the Council resolution after the documentation and consultation is concluded

ITEM	RESOLUTION	ACTION TAKEN	REASONS FOR NON-ACHIEVEMENT
MINUTES OF THE SPECIAL COUNCIL MEETING HELD 26TH JUNE 2015			
MAYORAL CAR – REPLACEMENT THEREOF	<p>a) Council approved that the rental and other agreements with the Government Garage be terminated at the time which is most beneficial to the Municipality.</p> <p>b) Council further approved that the replacement vehicle for the Mayor should be procured and all legislated supply chain processes should be followed.</p>	A tender and financing process to procure a mayoral car has started. On the 17th of August 2015 a meeting with ABSA took place for financing process.	<p>On hold. Awaiting a substitute arrangement.</p> <p>The tender was advertised with no response received from any interested party</p>
WATER RESTRICTIONS - BUSINESS PROPERTIES	a) Council approved the implementation of water restrictions on business properties that are in arrears following council consultations with the business people.	<p>A consultation with Smithfield and Rouxville business people took place, only Zastron where it was decided that a meeting should be postponed due to a poor attendance for a date to be announced.</p> <p>Installation of meters with restrictors is in progress</p>	Awaiting a final resolution from the council after the consultations. A list has been relayed to councilors.

2.1.1. Councillors and Staff

Her worship the Mayor: Councillor MA Shasha



Councillors



Councillor Bangani Majenge
African National Congress



Councillor Julia Sehanka
African National Congress



Councillor Thabo Khasake
African National Congress



Councillor Elroy Backward
African National Congress



Councillor Agnes Shasha
African National Congress



Councillor Retshedisitswe Thuhlo
African National Congress



Councillor Irene Mehlokhulu
African National Congress



Councillor Selloane Sephoka
Democratic Alliance



Councillor Lefa Lekhula
African National Congress



Councillor Mojalefa Letele
African National Congress



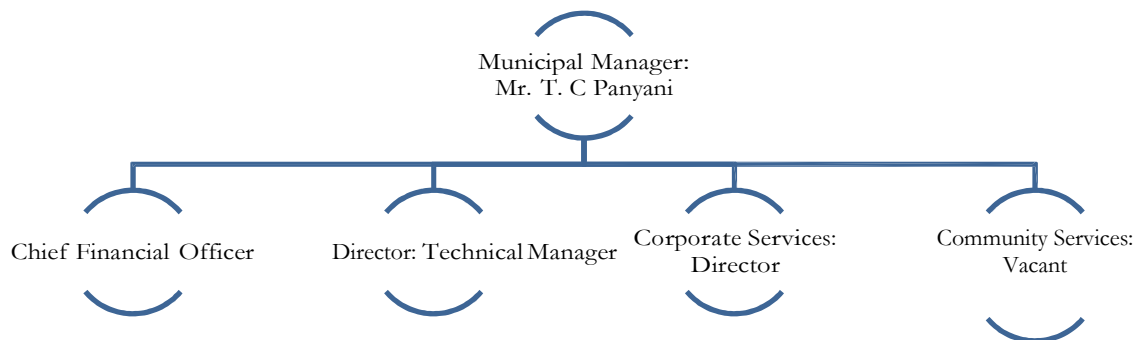
Councillor Stephen Riddle
Democratic Alliance

2.2 Administrative Governance Structure

Mohokare Local Municipality strives for improved service delivery and efficiency in customer care relations, in order to do these tasks the Municipality has an organizational structure that talks to the needs of Council and the Powers and Functions of a plenary type Municipality.

The Municipal Manager as the Accounting Officer has ensured that the organizational structure that will enable the implementation of service delivery tasks is reviewed.

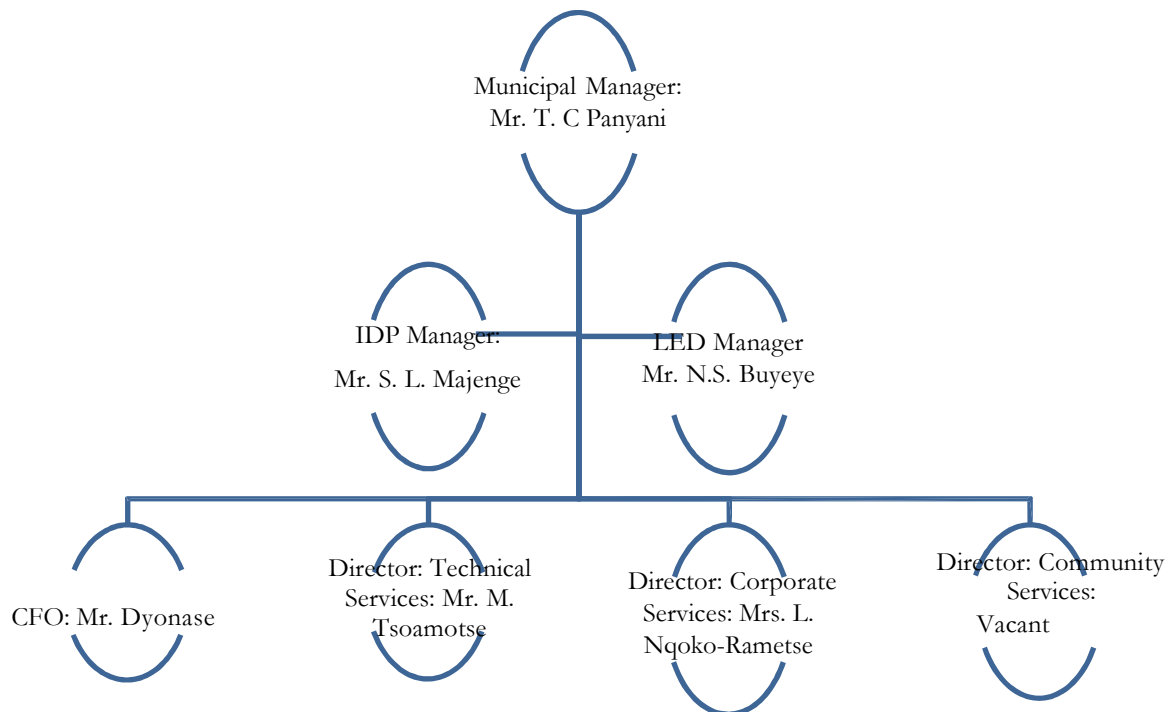
The Municipality is headed by the Municipal Manager and Managers directly accountable to the Municipal Manager, currently the top management structure of Mohokare Local Municipality is as shown below;



During the 2014/2015 financial year, all posts of Managers directly accountable to the Municipal Manager were filled during the year under review, top management posts are outlined as follows:

Chief Financial Officer:	Mr. P.M Dyonase
Director: Technical Services:	Mr. M. N. Tsoamotse
Director: Corporate Services:	Mrs. L. V Nqoko-Rametse
Director: Community Services:	Vacant

The Municipal Manager and the Heads of Department extended to the Integrated Development Planning Manager & the Local Economic Development Manager form the management of Mohokare Local Municipality. Therefore, the Management structure is as shown below;



TOP MANAGEMENT TEAM

Municipal Manager

Mr. C. T. Panyani



Chief Financial Officer
Mr P.M Dyonase



Director: Corporate Services
Me. L. V Nqoko-Rametse



Director: Technical Services
Mr M.N. Tsoamotse



COMPONENT B

2.3 Inter-governmental Relations

The Inter-governmental Relations Framework Act 13 of 2005 seeks to establish a framework for the National, Provincial and Local governments to promote and facilitate intergovernmental Relations to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes and to provide for matters connected herewith.

Informed by guiding legislation and policies related to IGR structures, Xhariep District Municipality established an IGR forum where which Mohokare as a Municipality is a member of, this forum holds meetings quarterly to engage on issues pertaining to service delivery.

There are two structures of IGR, the Political IGR and the Technical IGR; The Political IGR is the structure for Mayors and Councilors and the technical structure for Municipal Managers and Key Managers and Officials.

Municipal Managers Forum

There also exists a Municipal Managers Forum which sits regularly to discuss administrative issues for municipalities. As Municipal Managers are accounting officers in their municipalities, they are also tasked with ensuring that strategies that are derived by the districts reflect issues that exist at ground level in the municipality.

Integrated Development Plan Forum

Integrated Development plan officials within the Xhariep District meet regularly to discuss issues around Integrated Development Planning. In this forum, IDP Managers, ensure horizontal alignment between the locals within the district and vertical alignment between the locals and the districts on issues of strategic planning.

Municipal Infrastructure Grant

The Municipality guided by the framework and other policies in good relations with other government departments for the sole reason of service delivery; it can be noted that the Mohokare Regional Bulk Water Scheme project funded by the Municipal Infrastructure Grant is a result of good relations between the Municipality and other government sectors such as the department of water affairs and the Office of the Premier.

Integrated Development Planning Representative Forum

The IDP Representative forum is chaired by the IDP Manager. It provides a platform for all stakeholders in the IDP process to plan for and develop the Integrated Development Plan. Sector departments are encouraged to share information around projects that they are implementing within Mohokare Local Municipality. The municipality updates the stakeholders on the key milestone of the IDP process. This forum serves as a participation mechanism and also limits the duplication of projects and resources in the municipality by different spheres of government.

2.3.1 RELATIONSHIP WITH MUNICIPAL ENTITIES

Mohokare Local Municipality does not have any entities.

Chapter 2

Component C: Public Accountability and Participation

Public accountability pertains to the obligations of persons or entities entrusted with public resources to be answerable for the fiscal, managerial and program responsibilities that have been conferred on them and to report to those that have conferred these responsibilities.

It is clear that municipalities included, have an obligation to account for the way resources are allocated and used, and the results achieved. In other words, the main objectives of all public accountability initiatives are to ensure that public money is spent most economically and efficiently.

Chapter four (4) of the Local Government Municipal systems act 32 of 2000 states that a municipality must develop a culture of municipal governance that complements formal representative government, with a system of participatory governance. This promotes accountability and participation.

Mohokare utilizes general ward meetings, mass meetings and public notices to disseminate public information; this is done through a council adopted annual schedule of meetings with the communities.

2.4. Public Meetings

Communication, Participation and Forums

Mohokare Local Municipality has a communications policy adopted by council and communicates with the public throughout the year by utilising Mayoral Imbizo's, ward public meetings, public notices, municipal newsletter, municipal website and the media. The municipality also adopted a language policy that allows communication to the public by providing the use of four languages that dominate within the municipality: Sesotho, Xhosa, Afrikaans and English. The Council annual schedule is adopted and published in the local newspaper, public notice boards and the website.

Mohokare Municipality is committed to the development of a culture of municipal governance that complements formal representative government with a system of participatory governance, therefore public engagements in a form of ward community meetings, IDP and budget consultation meetings and consultations on by-laws enable the community to participate and contribute on municipal priorities.

The Municipality has 6 Wards and 6 ward committees have been established and are functional. Ward Councilors hold ward committee meetings monthly; and Ward Constituency meetings quarterly to ensure constant consultation with the public.

There is also a stakeholder forum (Agri- forum) chaired by the Mayor, this stakeholder forum holds quarterly meetings and are well attended.

Nature and purpose of meeting	Date of events	Number of Participating Municipal	Number of Participating	Number of Community members attending	Dates and manner of feedback given
Mayoral Imbizo	July 2014	Councillors (5)	3	Average 1600	Feedback is provided in Ward community meetings
Land and use planning by law	19-29 August 2014	Councillors (4)	8	Average 150	Feedback is Provided during the second round after comments from the public are presented to Council
Mayoral Imbizo	02 and 03 September 2014	Councillors (3)	4	Average 1200	Feedback is provided in Ward community meetings quarterly
LED Cooperative handover of recycling equipment	11 September 2014	Councillors (4)	7	Average 50	Handover of equipment
Launch youth build skills programme	23 June 2015	Councillors (2)	5	Average 300	Skills programme
WARD COMMUNITY					
Ward 1	10 July 2014, 18 August 2014, 22 September 2014, 14 October 2014,	Ward Councilor	2	Number vary from meeting to meeting	Feedback is provided quarterly and/or when a ward community meeting is held

Nature and purpose of meeting	Date of events	Number of Participating Municipal	Number of Participating	Number of Community members attending	Dates and manner of feedback given
Ward 2	18 Sept 2014, 13& 24 Oct 2014, 17 Feb 2015,	Ward Councilor	8	Number vary from meeting to meeting	Feedback is provided quarterly and/or when a ward community meeting is held
Ward 3	02 July 2014, 14 Oct 2014, 25 June 2015	Ward Councilor	7	Number vary from meeting to meeting	Feedback is provided quarterly and/or when a ward
Ward 4	30 July 2014, 02 Oct 2014, 17 Feb 2015	Ward Councilor	8	Number vary from meeting to meeting	Feedback is provided quarterly and/or when a ward
Ward 5	18 July 2014, 14 Oct 2014	Ward Councilor	6	Number vary from meeting to meeting	Feedback is provided quarterly and/or when a ward
Ward 6	18 July 2014, 29 Oct 2014, 22 Jan 2015	Ward Councilor	2	Number vary from meeting to meeting	Feedback is provided quarterly and/or when a ward

2.5. IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

Mohokare Local Municipality reviews annually the IDP document as dictated by the Local Government Systems act and the MFMA. This process is owned and undertaken and owned by the Council through the adoption of the budget time-lines and the process plan that will be advertised in local newspapers, meetings are then convened for stakeholders and communities to ensure extensive participation by the local community.

The 2014/ 2015 IDP and the Budget were successfully reviewed using the processes stated above. The advertised process plan that was adopted by council is outlined here below;

<u>Activity No</u>	<u>IDP AND BUDGET ACTIVITY OBJECTIVE</u>	<u>DATE</u>	<u>TIME</u>
1	IDP AND BUDGET STEERING COMMITTEE MEETING OBJECTIVE: PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	09 September 2014	10H00
2	MUNICIPAL DEPARTMENT'S BILLATERAL SESSIONS. OBJECTIVE: IDENTIFICATION OF SERVICE GAPS AND FORMULATION OF DEPARTMENTAL PRIORITIES, OBJECTIVES, STRATEGIES AND PROJECTS.	07 – 10 October 2014	09H00
3	IDP AND BUDGET STEERING COMMITTEE MEETING OBJECTIVE: PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	21 October 2014	10h00
	STRATEGIC PLANS PRESENTATIONS BY PROVINCIAL DEPARTMENTS	28-31 October 2014	10h00

<u>Activity No</u>	<u>IDP AND BUDGET ACTIVITY OBJECTIVE</u>	<u>DATE</u>	<u>TIME</u>
	OBJECTIVE: GATHER PROVINCIAL PLANS AND BUDGET IMPLICATIONS FOR MOHOKARE		
3	AREA LEVEL WARD COMMITTEE CONSULTATION SESSIONS. OBJECTIVE: REVIEW PRIORITIES, RE-PRIORITISATION, VISION AND MISSION, OBJECTIVES, STRATEGIES AND PROJECTS.	11 November 2014 12 November 2014 13 November 2014	10H00
	IDP AND BUDGET STEERING COMMITTEE MEETING OBJECTIVE: PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	18 November 2014	10H00
	AREA LEVEL STAKEHOLDERS CONSULTATION SESSIONS (IDP REP FORUMS). OBJECTIVE: REVIEW PRIORITIES, RE-PRIORITISATION, VISION AND MISSION, OBJECTIVES, STRATEGIES AND PROJECTS.	02 December 2014 03 December 2014 04 December 2013	10H00
5	IDP AND BUDGET STEERING COMMITTEE MEETING OBJECTIVE: PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	10 December 2014	10h00
6	IDP & BUDGET ROADSHOWS OBJECTIVE: ROADSHOWS ENABLE COMMUNITY, STAKEHOLDERS, OTHER GOVERNMENT DEPARTMENTS INPUTS AND COMMENTS	03 February 2015 04 February 2015 05 February 2015	15H00
	IDP AND BUDGET STEERING COMMITTEE MEETING OBJECTIVE: PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	4 March 2015	10H00
7	TABLING OF THE 1ST DRAFT IDP AND BUDGET TO COUNCIL: OBJECTIVE: ADOPTION TO ENABLE COMMUNITY AND STAKEHOLDER INPUTS AND COMMENTS	31 March 2015	10H00
8	PUBLICATION / ADVERTISEMENT OF DRAFT IDP AND BUDGET DOCUMENTS. OBJECTIVE: COMMENTS FROM COMMUNITY, STAKEHOLDERS AND ROLE PLAYERS.	April 2015	A.S.A.P.
10	PRESENTATION OF FINAL DRAFT IDP AND BUDGET DOCUMENTS TO COUNCIL. OBJECTIVE: FINAL ADOPTION OF THE REVIEWED IDP AND THE BUDGET DOCUMENT FOR THE	31 May 2015	10H00

<u>Activity No</u>	<u>IDP AND BUDGET ACTIVITY OBJECTIVE</u>	<u>DATE</u>	<u>TIME</u>
	STRATEGIC PERIOD OF 2014/2015		

Chapter 2: CORPORATE GOVERNANCE

Component D

Corporate Governance

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations.

Well-defined and enforced corporate governance provides a structure that, at least in theory, works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. To that end, organizations have been formed at the regional, national, and global levels.

Municipalities too, are expected to practice well-defined corporate governance.

2.6. Risk Management; Anti-Corruption & Fraud Prevention

COMPLIANCE WITH LAWS & REGULATIONS

The Risk Management unit has been established in terms of the Public Sector Risk Management Framework of 1 April 2010.

INTRODUCTION

Section 62 c (i) requires that:

The Accounting Officer of the municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains

- i) Effective, efficient and transparent systems of financial and risk management and internal control.

The roles and responsibilities for the implementation of Risk Management Strategy are contained in the treasury regulations which revolve around risk management and can be summarized as follows:

- ❖ The accounting officer must ensure that a risk assessment is conducted regularly to identify emerging risks for the municipality;
- ❖ The risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks;
- ❖ The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the municipality.

The King III report on corporate governance also reflects on risk management as an integral part of the strategic, operational, project and fraud activities.

RISK MANAGEMENT OBJECTIVES

The establishment and communication of the organizations risk management objectives, vision and operating principles are vital to providing overall direction, and ensure the successful integration of the risk management function into the organization. Using these instruments can reinforce the notion that risk management is everyone's business.

The Accounting Officer is also responsible for ensuring that there is a sound system of risk management and control in place for:

- ❖ Safeguarding the municipal assets and investments;
- ❖ Support achievement of strategic objectives;
- ❖ Behave responsibly towards all stakeholders; and
- ❖ Ensure service delivery to all stakeholders.

RISK MANAGEMENT

Risk Management has been defined as “a continuous, proactive and systematic process, effected by the Municipal's executive authority, Accounting Officer, management and other personnel, applied in strategic planning and across the department, designed to identify potential events that may affect the municipality, and manage risks to be within its risk tolerance, to provide reasonable assurance regarding the achievement of municipal objectives.

ENTERPRISE-WIDE RISK MANAGEMENT (ERM)

ERM is a broad-based application of risk management in all major functions and activities of the institution, rather than only in selected areas, to isolate the material top 5 risks:

- ❖ Non implementation of the Credit Control Policy
- ❖ Overspending and/or under-spending of budget votes
- ❖ Non complaint storage facilities
- ❖ Annual Levy not paid to compensation fund.
- ❖ Completeness of creditors in the financial statements

RISK

Is an unwanted outcome, actual or potential, to the institution's service delivery and other performance objectives, caused by the presence of risk factor(s). Some risk factors also present upside potential, which management must be aware of and be prepared to exploit.

EMBEDDING THE RISK MANAGEMENT CULTURE

For the risk management strategy to operate effectively through the municipality there are a number of key elements that need to be in place:

- ❖ Political buy-in;
- ❖ Promotion and support from senior management
- ❖ Municipal support for risk taking and innovation;
- ❖ Communication of all policies and benefits to entire municipal employees;
- ❖ Risk management is an element of all the departments management processes;
- ❖ The attainment of key departmental objectives is closely linked to the management of risk; and
- ❖ Operating in an environment with partner organizations requires that these risks are assessed and managed on day to day.

BENEFITS OF RISK MANAGEMENT

The risk management process is being implemented by the municipality as it will assist with the achievement of the objectives. The benefit for risk management is for the municipality to:

- ❖ Organizational alignment: the risk management process is designed to complement effective strategic and operational planning. However, as the risk management approach is objective driven it will assist in ensuring that management and employees understand and are committed to the key objectives which have been defined. This will include an understanding of the key performance indicators (KPIs) against which our success is measured.
- ❖ Improved ability to manage risks: by formally identifying and evaluating risks we will improve our understanding of the risks which need to be managed. Furthermore, we will analyze and understand the cause of risks to ensure our internal controls manages the causes.
- ❖ Improved ability to achieve objectives: by proactively identifying risks in the municipality, will have a better understanding of risks and be more anticipatory and therefore able to achieve its objectives with greater certainty.

- ❖ Improved ability to seize opportunities: by understanding our risk profiles, the risk management process will enable us to seize and execute new opportunities successfully.
- ❖ Cost effective internal controls: risk management process will ensure that our system of internal control is cost effective.
- ❖ Sustainability: the risk management process is a means to educate all our management and staff on their responsibility for risk management and the effective application of internal controls. Risk management will be embedded at all levels within the department.
- ❖ Aligning risk appetite and strategy: management considers their risk appetite in evaluating strategic alternatives, setting related objectives and developing mechanisms to manage related risks.
- ❖ Enhancing risk response decisions: risk management provides the rigor for management to identify alternative risk responses- risk avoidance, reduction, sharing and acceptance.
- ❖ Ensuring compliance with laws and regulations: risk management contributes to effective reporting and monitoring of compliance with laws and regulations and assists with the limitation of damage to the municipalities reputation and associated consequences.

RESPONSIBILITIES AND STRUCTURES

The Accounting Officer is ultimately responsible for and should assume “ownership” of risk management. More than any other individual, the accounting officer sets the “tone at the top” that affects integrity and ethics and other factors of the control environment. The accounting officer fulfils duty by providing leadership and direction to senior managers and reviewing the way they manage the department.

MANAGEMENT

Management is accountable and responsible for implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the municipality.

Managers assign responsibility for establishment of more specific risk management policies and procedures to personnel responsible for individual unit’s functions. A manager is effectively an accounting officer of his/her sphere of responsibility. Also significant are leaders of staff functions such as compliance, finance, human resources and information technology, whose monitoring and control activities cut across, as well as up and down, the operating and other units of a department.

AUDIT COMMITTEE

The Audit Committee will function as a monitoring and oversight body to ensure that risk management is embedded in the municipality.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee will comprise of senior management of all nominated directorates; will be established to ensure that risks are being managed on strategic and on a day-to-day operation. The chairperson of this committee will provide reports on the status of significant risks to the Audit Committee.

The Risk Management Committee will assist the head of department in discharging its risk management responsibilities. The composition and terms of reference of this committee is set out in a separate document.

RISK MANAGEMENT

Risk Management Unit is to assist management in their duties on risk management function and it has been set up within the municipality. The risk management function is not in place to manage specific risks on behalf of management. The function will be a co-ordination, facilitate and monitoring the process role. The risk management functions or risk officer will be:

- ❖ Responsible for educating management and employees in the risk management process;
- ❖ Responsible for creating an awareness of risk and assisting management in ensuring that there is a culture of control;
- ❖ Available to assist in the risk profiling exercises;
- ❖ Responsible for consolidating risk reports for the Audit Committee.

Risk management unit operates with other managers in establishing and maintaining effective risk management in their areas of responsibility. Risk management unit also have the responsibility for monitoring progress and for assisting other managers in reporting relevant risk information up, down and across the department, and will be a member of an internal risk management committee.

The risk management policies that were developed and approved by council for 2014/2015 are as follows:

- 1) Anti-Corruption Strategy
- 2) Fraud prevention policy
- 3) Risk Management Strategy

The Operational risk assessments for 2014/2015 have been performed as per the Public Sector Risk Management Framework as follows:

- 1) Strategic risk assessment;
- 2) Operational risk assessment per department which are:
 - Municipal Manager;
 - Corporate services;

- Technical services;
- Finance department; and
- Community Services Department

The municipality has appointed Risk Champions to assist heads of departments in discharging the risk management responsibilities.

2.7 FRAUD; THEFT AND CORRUPTION POLICY

Mohokare Local Municipality is a “Zero corruption & Fraud tolerance” local municipality. All allegations will be investigated and tough action will be taken against perpetrators i.e. disciplinary steps, civil recovery of financial losses and criminal prosecution. The municipality shall publish its successes and name the perpetrators of fraud and corruption. The municipality shall implement appropriate prevention and detection controls, which include the existing financial and other controls as prescribed in the systems, policies, procedures, rules, and regulations of the Mohokare Local Municipality.

COMPLIANCE WITH LAWS & REGULATIONS

The municipality is in compliance with the following legislations:

1. MFMA calendar;
2. Municipal Systems Act
3. Municipal Structures Act;
4. Treasury Regulations;
5. OHS’s Act; and any other regulations.

CONCLUSION

For its success, the Risk Management Framework describes its reliant upon gaining commitment from Senior Management and Council, establishing the business processes, including assigning responsibilities for change, resourcing, communication, training and reinforcing a risk culture throughout the Municipality.

The implementation of a Risk Management Framework will enable the Municipality to improve its management of Risks, and drive performance, i.e. improvement of stakeholder value.

An effective Risk Management Framework will enable Senior Management to understand the potential upside and downside of actions, and to understand the management of risk in order to raise the likelihood of issues while reducing the likelihood of failure and decrease the uncertainty of overall financial performance.

The Risk Management Framework will assist the Municipality to better allocate risk management resources, provide better performance indicators and monitoring opportunities and improve risk reporting throughout the Municipality.

In addition, the Framework will assist the Municipality with identification of unidentified risks, and highlight control gaps and unnecessary and excessive controls, elimination of which will produce cost saving. Such a framework will necessarily present risk awareness throughout the Municipality.

2.7 ANTI-CORRUPTION AND FRAUD

The Fraud and Corruption Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud and corruption against Mohokare Local Municipality. It is the intent of Mohokare Local Municipality to promote consistent organizational behaviour by providing guidelines and assigning responsibilities for the development of controls and conduct of investigations.

SCOPE OF POLICY

This policy applies to any fraudulent activities, or suspected irregularity, involving employees as well as consultants, suppliers, contractors and/ or any other organisation with a business relationship with Mohokare Local Municipality. Any investigative activity required will be conducted without regard to the suspected perpetrator's length of service, position/title, or relationship to the municipality.

POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities.

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another false act upon it.

Each member of the management will be familiar with the types of fraud or corruption that might occur within his or her area of responsibility and be alert of any indication of irregularity. Any irregularity that is detected or suspected must be reported immediately to the Risk Officer, who coordinates all investigations with the Corporate Services and other affected areas, both internal and external (including South African Police Services).

ACTIONS CONSTITUTING FRAUD

The terms *fraud*, *corruption*, *misappropriation*, and *other fiscal irregularities* refer to, but are not limited to:

- Any dishonest or fraudulent act.
- Misappropriation of funds, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of company activities.
- Disclosing confidential and proprietary information to outside parties.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing goods/services to the municipality. Exception: Gifts less than R350 in value (the aggregate of gifts received in a year).
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.
- Any similar or related irregularity.

2.8. Supply Chain Management (SCM)

Supply Chain Management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. Supply chain management involves coordinating and integrating these flows both within and among companies. It is said that the ultimate goal of any effective supply chain management system is to reduce inventory (with the assumption that products are available when needed).

Mohokare Local Municipality has a Supply Chain Management policy and procurement policies that are reviewed annually and guide procurement processes as dictated by the Municipal Finance Management Act.

The Municipality has the following bid committees;

- Bid Specifications Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

The Bid Committees were functional for the year under review.

2.9. By-Laws

In the year audited 2014/2015 Council adopted one by-law in June 2015; the adopted by-law is Land Use Planning By-Law.

Section 10 (1) of our Establishment Notice (Provincial Notice 181 of 2000) reads as follows:

“By-laws and resolutions (including standing delegations) of a disestablished municipality ... (a) Continue in force in the area in which they were applicable subject to any amendment or repeal by the competent municipality”

Apart from the aforesaid by-laws being considered, there are the by-laws of the disestablished municipalities in Mohokare area of jurisdiction that are still valid in their respective areas until they have been repealed and replaced by Mohokare municipality.

In terms of section 15 of the Local Government Municipal Structures Act our municipality must review and where necessary rationalize these existing by-laws. The process was delayed due to financial constraints of our municipality followed by an initiative from the department of Cooperative Governance and Traditional Affairs whereby a standard set of by-laws has been promulgated in 2010 followed by the most essential by-laws being customized and promulgated by Mohokare LM.

The following By-Laws exist within the municipality:

By-laws Introduced during 2014/2015					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of	Dates of Public Participation	By-Laws Gazetted *	Date of Publication
Land Use Planning By-Law, 2015	N/A	Yes	19-21 August 2014	Yes	08/06/2015

2.10 Website

According to section 75 of the MFMA the accounting officer of the municipality must place on the website documents referred to in section 21A of the Municipality Systems Act, No. 32 of 2000.

The documents are the following:

Budget Related Policies
Section 71 reports
Performance agreements
Service Delivery and Budget Implementation Plan
All service delivery agreements
Long-term borrowing contracts
Supply Chain management contracts above R100 000
Integrated Development Plan
Municipal Policies
Public notices
Annual Report
Annual Financial Report

Contracts having future budgetary implications to which section 33 of the MFMA applies
All quarterly reports tabled in the council in terms of section 52(d) of the MFMA.
Any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.

Most of the indicated documents do appear on the municipal website, however it should be noted that there is a serious training need that has to be addressed to ensure that the website is current and constantly updated, the website can be accessed through the following domain www.mohokare.gov.za.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Mohokare Local Municipality undertook satisfaction survey during the month of June 2015. The participation by the community and stakeholders was very low therefore this resulted in the municipality not being able to conclude and record findings on the community satisfaction on services provided. The municipality concluded that a different methodology needs to be used to ensure full participation. The surveys will be conducted in the month of December 2015.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (Part I)

Below are the achievements of the municipality that materialized during the year 2014/2015.

1. Provision of bulk water supply in 3 towns by 2016
 - 15km raw water pipeline from Montique to Kloof Dam and Zastron water treatment works practical complete
 - Construction of a 27km long, bulk raw water pipeline from the Orange River to the Paisley Dam in Rouxville
 - Upgrading of the Rouxville/Roleleathunya water treatment works completion April 2016
 - Planned for Smithfield 2016/17 financial year Raw water pipeline from Caledon River to Smithfield water treatment works
2. 10793 households with access to portable water on or above RDP level by June 2015
 - 0 Backlogs
3. 10793 households supplied with quality drinkable water in 2014/15
 - Mohokare water complies with the SANS 241 Standards
4. 10793 households with access to sanitation on or above RDP level in 2014/15
 - Bucket eradication of 867
For 2014/15 Smithfield 57 buckets eradicated
2015/16 the focus will be on Zastron Refengkhotsa and Rouxville Uitskoms
5. 10793 households with access to electricity by June 2015
 - 200 infill connections in Somido Park Smithfield for 2013/14
 - 2015/16 70 connection are to be done for Smithfield, Rouxville and Zastron
 - There were no connections for 2014/15 financial year
6. Provision of trafficable well maintained municipal roads by June 2015
 - Roleleathunya/Rouxville: Access collectors & internal streets-related storm water 2km complete 2012/13 financial year
 - Zastron/Matlakeng Construction of 2.9km paved access collector, internal streets and related stormwater drainage completed 2014/15 financial year

COMPONENT A: BASIC SERVICES

INTRODUCTION

Our Water provision strategy is to provide quality potable water to all households within the Mohokare Local Municipality area. Workshops and training of personnel is regularly provided to our personnel to keep them up to date with technology. The challenges faced in our water systems are the aging of infrastructure and increased demand.

Component A:

3.1 Water Provision

The Municipality is both a water services authority and water services provider for all its three towns. Water is supplied from three independent water systems, water resources are named below:

Smithfield : Caledon River and Smithfield dam
Rouxville : Kalkoenkraans and Paisley dam
Zastron : Montagu dam and Kloof dam

Quality and quantity

Annual water quality compliance per town:

Area	E- coli cfu/100ml 0-10	Aluminium mg/l 0 – 0.3	pH 6.95- 9.0	Electrical Conductivity mS/m <150	Turbidity (NTU) 1-5	Residual chlorine mg/l 0.2 – 0.5
Smithfield Water supply	100%	100%	100%	100%	100%	95%
Rouxville Water Supply	100%	100%	100%	100%	100%	90%
Zastron Water Supply	100%	100%	100%	100%	100%	97%

Below is the amount of supplied water per town:

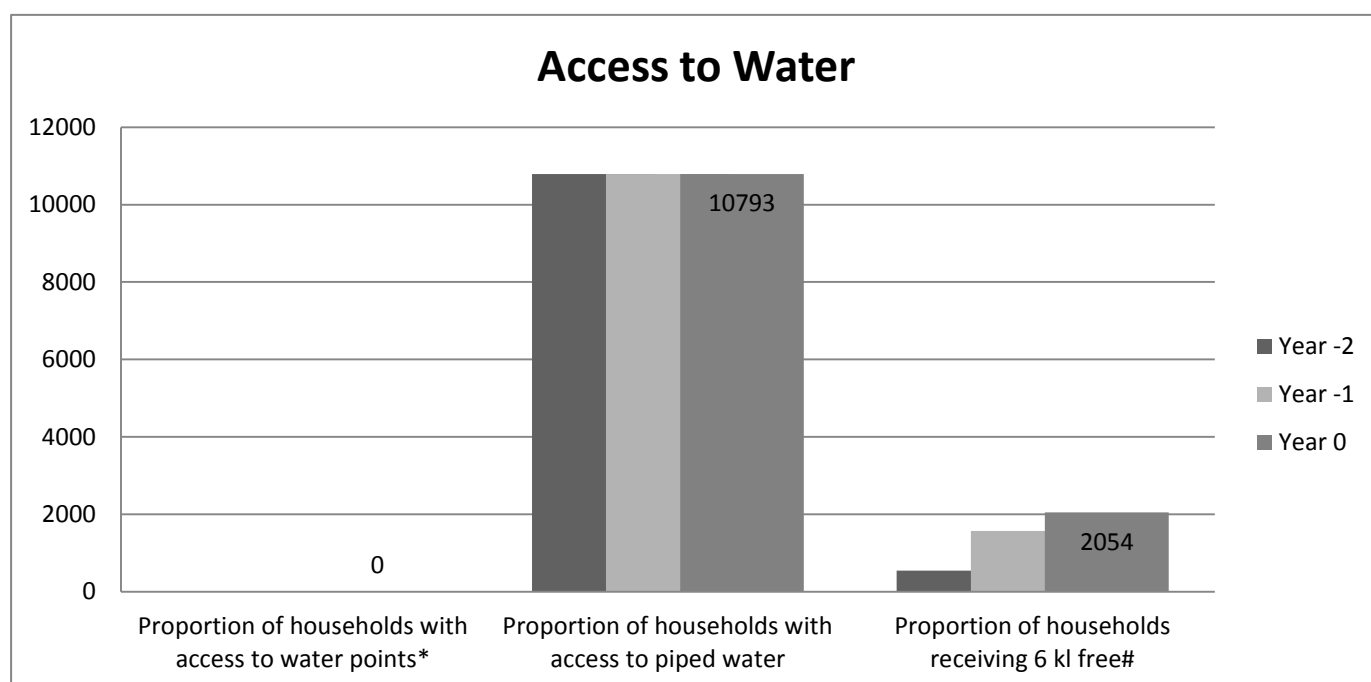
Name Water Services Supply system	Quantity of purified(Treated) water (kl)	Targeted treated water per supply system (kl)
Rouxville Water Treatment Plant	437078	400 000
Smithfield Water Treatment Plant	518909	500 000
Zastron Water Treatment Plant	935233	900 000

The Municipality was evaluated by the department on its blue drop assessment program and the results are still to be issued for publication.

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Zastron					
30 June 2014	0	0	105100	683174.9	367920
30 June 2015	0	0	105000	695453.7	355750
Rouxville					
30 June 2014	0	0	25170	478230	96792
30 June 2015	0	0	18005	402129.4	180057.6
Smithfield					
30 June 2014	0	0	30973.53	565427.07	23070
30 June 2015	0	0	18584.12	545134.13	55752.35

Water Service Delivery Levels				
Description	Households			
	2011/2012	2012/2013	2013/2014	2014/2015
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	1685,64	2159	2159	2159
Piped water inside yard (but not in dwelling)	8530,4	8634	8634	8634
Using public tap (within 200m from dwelling)	0	0	0	0
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	10216	10793	10793	10793
<i>Minimum Service Level and Above Percentage</i>	100%	100%	100%	100%
Water: (below min level)				
Using public tap (more than 200m from				
Other water supply (more than 200m from	0	0	0	0
No water supply				
<i>Below Minimum Service Level sub-total</i>				
<i>Below Minimum Service Level Percentage</i>				
Total number of households*	10216	10793	10793	10793
<i>* - To include informal settlements</i>				

Households-WaterServiceDeliveryLevelsbelowtheminimum						Households
Description	Year-3	Year-2	Year-1	Year0		
	Actual No.	Actual No.	Actual No.	OriginalBudget No.	Adjusted Budget No.	ActualNo.
Formal Settlements						
Total households	10216	10793	10793	10793	10793	10793
Households below minimum service	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
Informal Settlements						
Total households	0	0	0	0	0	0
Households ts below minimum service	0	0	0	0	0	0
Proportion of households tsbelow minimum service level	0	0	0	0	0	0
						<i>T</i>



Water Service Policy Objectives Taken From IDP

Service Objectives Service Indicators (i)	Outline Service Targets (ii)	2013/2014		2014/2015		2015/2016	2016/2017		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective Basic service and improvement development									
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year	0% HH without water	10793 HH provided with water	10793 HH provided with water	10793 HH provided with water	10793 HH provided with water	1000 additional HH to be provided with water (mooifontein)	-	Provision for new settlements
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (xxx	Calculated yearly interruption	100% attendance of (180 Ints) of water	100% attendance of (180 Ints) of water supply annually	100% attendance of (120 Ints) of water supply annually	100% attendance of (120 Ints) of water supply annually	100% attendance of (120 Ints) of water supply annually	100% attendance of (120 Ints) of water	100% attendance of (12 Ints) of water supply annually
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during	Water losses calculated	10% reduction of water loss per supply system (1900 KLs)	98% reduction of 10% of (2900 KLs) water loss	10% reduction of water loss per supply system (1500 KLs)	98% reduction of 10% of (2500 KLs) of water loss	10% reduction of water loss per supply system (1500 KLs)	98% reduction of 10% of (1000 KLs) of water loss	10% reduction of water loss per supply system (500 KLs)
Water quality	Acceptable blue drop rating	100%	77.04% (13/14)	100%	100%	77.0%			
Infrastructure Development (Water conservation and Demand management plan)	Rehabilitation of Old Water Services Systems (Asbestos Pipes and Galvanised Pipes, Valves, fittings and e.tc.)	Replacement of 50% old pipes and any water supply fittings lead to water loss	100% achieved	Replacement of 50% old pipes and any water supply fittings lead to water loss	100% achieved	Replacement of 50% old pipes and any water supply fittings lead to water loss	100% to be achieved	Replacement of 50% old pipes and any water supply fittings	100% to be achieved

Employees in the Water services department

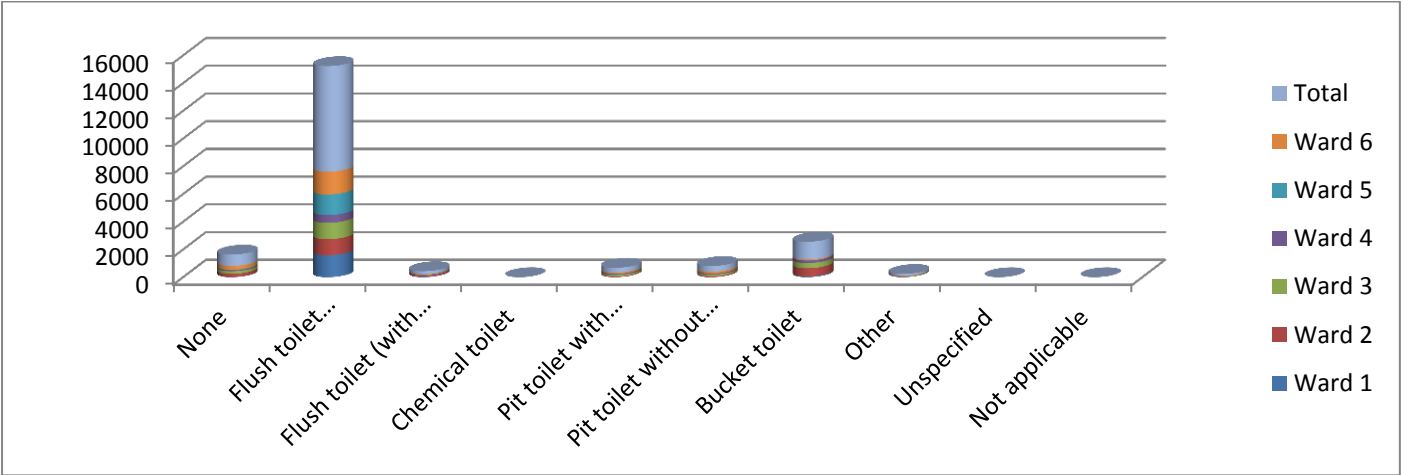
Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 -3	19	20	19	1	0%
4 -6	24	24	24	0	0%
7 -9					25%
10 -12	3	3	3	0	53%
13 -15					40%
16 -18					48%
19 -20					40%
Total	46	47	46	1	41%

Financial Performance: Water Services					
Details	Year -2014	Year 2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9,877,811	-65,990	15,109,045	12,432,479	101%
Expenditure:					
Employees	6,622,407	-11,372,480	6,695,532	6,856,244	266%
Repairs and Maintenance	463,932	394,000	963,560	897,671	56%
Other	10,401,226	-2,069,412	60,211,299	9,792,036	121%
Total Operational Expenditure	17,487,565	-13,047,892	67,870,391	17,545,952	174%
Net Operational Expenditure	7,609,754	-12,981,902	52,761,346	5,113,473	354%
Service is delivered at a deficit. Depreciation of R1.38 mil. Is included. A savings was effected on other expenditure. The Decrease in OTHER relative to the budget is that capital (MIG) was allocated elsewhere.					T 3.1.8

Capital Expenditure 2014/2015: Water Services					
Capital Projects	2014/2015				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	52 730	35 000	37 727	28%	87 570
Upgrading of the Rouxville / Roleleathunya WTW- completion of civil works	20 000	15 000	12 715	36%	45 271
Construction of a 15km pipeline bulk water pipeline from Montague dam to Kloof dam and the Zastron WTW	25 000	20 000	19 562	22%	34 569
Smithfield Water Conservation and Water Demand Management	3 615	0	2 514	30%	3 615
Zastron Water Conservation and Water Demand Management	4 115	0	2 936	29%	4 115

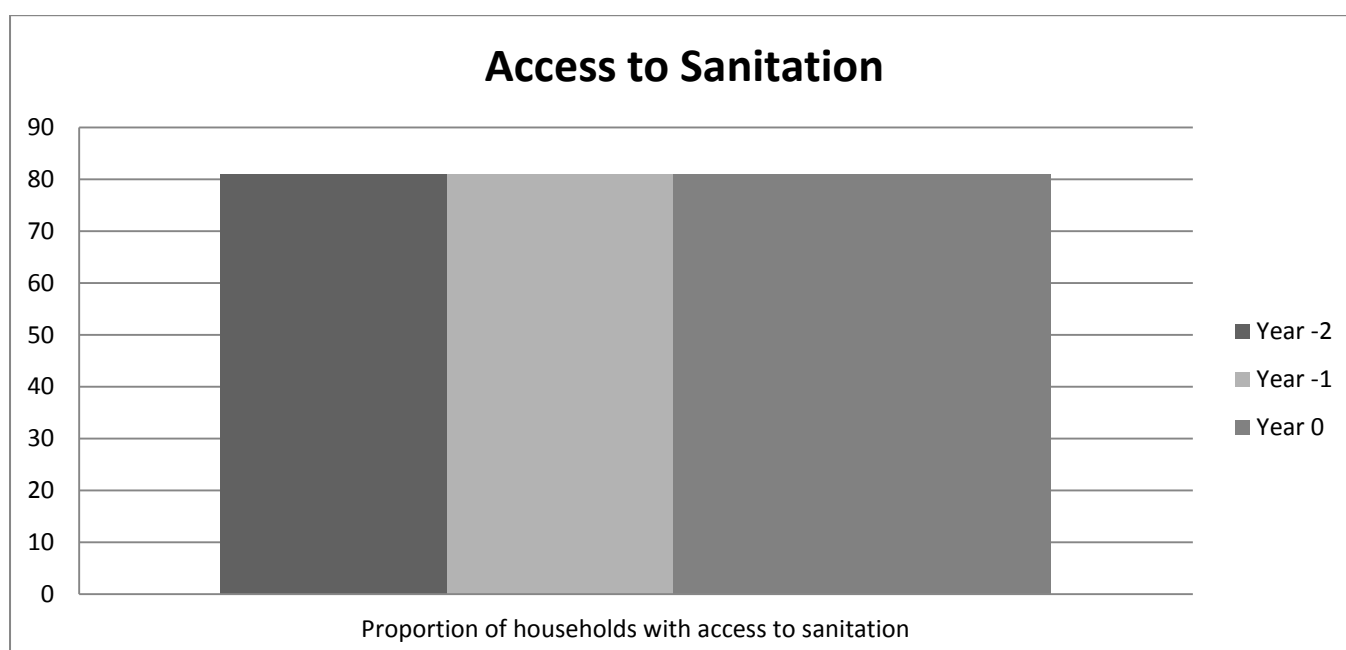
3.2 Waste Water (Sanitation) Provision

Completion of the Smithfield waste water treatment plant further shows a commitment by the Municipality to deliver on its mandate in protection of the environment by discharging effluent that complies with the prescribed waste water standards. The completion of this treatment plant will further assist the Municipality in the improvement of its Green drop status. However the Municipality still faces challenges in completion of the Zastron waste water treatment plant (Mechanical and Electrical works) due to lack of funds, the matter is still been pursued with relevant sector department.



Sanitation Service Delivery Levels				
Description	2011/2012	2012/2013	2013/2014	2014/2015
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage:</u> (above minimum level)				
Flush toilet (connected to sewerage)	5486	7614	7614	7614
Flush toilet (with septic tank)	358	217	217	217
Chemical toilet	535	3	3	3
Pit toilet (ventilated)	124	945	945	945
Other toilet provisions (above min. service level)	1328	118	118	118
<i>Minimum Service Level and Above sub-total</i>	7832	10793	10793	10793
<i>Minimum Service Level and Above Percentage</i>	76,66%	82,43%	82,43%	82,43%
<u>Sanitation/sewerage:</u> (below minimum level)				
Bucket toilet	1195	1279	1279	1279
Other toilet provisions (below min. service level)	0	0	0	0
No toilet provisions	1195	816	816	816
<i>Below Minimum Service Level sub-total</i>	1,047	1,498	1,498	1,498
<i>Below Minimum Service Level Percentage</i>	11,7%	19,41%	19,41%	19,41%
Total households	10216	10793	10793	10793

Households - Sanitation Service Delivery Levels below the minimum						
Description	2011/2012	2012/2013	2013/2014	2014/2015		
	Actual No.	Actual No.	Actual	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	10216	10793	10793	10793	10793	10793
level	25542	2698	2698	20 167	19 671	2698
Proportion of households below minimum service level	12%	19%	19%			
Informal Settlements						
Total households	10	27	27	0	0	0
Households below minimum service	10	27	27	0	0	0
Proportion of households below minimum service level	12%	19%	19%	0	0	0



Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives (i)	Outline Service Targets (ii)	2013/2014		2014/2015			2015/2016	2016/2017	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Objective									
Provision of toilets within standard (provide backlogs and workout targets from them)-	Additional Households (HHs) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	10793 additional HHs (890 HHs remaining)	102793 additional HHs (890 HHs remaining)	10625 additional HHs (168 HHs remaining)	10625 additional HHs (168 HHs remaining)	10793 additional HHs (168 HHs remaining)	10793 additional HHs (0 HHs remaining)	10793 additional HHs (0 HHs remaining)	10793 additional HHs (0 HHs remaining)
Upgrading of the Zastron sewage treatment works	Sustainable delivery of improved services to all households	Eradicate backlogs in order to improve access to services and ensure proper	5098 HHs with water borne and 150 remaining (Buckets)	5098 HHs with water borne and 59 Buckets remaining	5098 HHs with water borne and 59 Buckets remaining	5098 HHs with water borne and 0 Buckets remaining	5098 HHs with water borne and 0 Buckets remaining	5098 HHs with water borne and 0 Buckets remaining	5098 HHs with water borne and 0 Buckets remaining
Smithfield: Upgrading of the oxidation ponds	Sustainable delivery of improved services to all households	Eradicate backlogs in order to improve access to services and ensure proper	1998 HHs with water borne and 54 buckets remaining	1998 HHs with water borne and 54 buckets remaining	1998 HHs with water borne and 13 buckets remaining	1998 HHs with water borne and 0 buckets remaining	1998 HHs with water borne and 0 buckets remaining	1998 HHs with water borne and 54 buckets remaining	1998 HHs with water borne and 54 buckets remaining
BEP, Phase 1 for 777 sites in Roleleathunya, Rouxville (Sewer Networks)	Sustainable delivery of improved services to all households	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	3122 HHs with water borne and 777 buckets remaining	3122 HHs with water borne and 777 buckets remaining	3122 HHs with water borne and 43 buckets remaining	3122 HHs with water borne and 43 buckets remaining	3122 HHs with water borne and 777 buckets remaining	3122 HHs with water borne and 0 buckets remaining	3122 HHs with water borne and 0 buckets remaining

EMPLOYEES: SANITATION					
Job Level	2012/13	Ending 31 st July 2014			
	Number of posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3	40	40	40	0	
4-6	66	27	6	21	22.22
7-9					
10-12	3	3	3	0	0
13-15					
16-18					
19-20					
TOTAL	69	70	49	21	70

Financial Performance: Sanitation Services					
Details	Year -2014	Year 2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	24,610,962	50,482,367	21,741,546	24,686,402	-104%
Expenditure:					
Employees	8,239,143	600,602	8,334,125	8,663,790	93%
Repairs and Maintenance	51,241	18,401,437	97,440	6,457	-284888%
Other	987,744	3,080,129	22,977,509	615,180	-401%
Total Operational Expenditure	9,278,128	22,082,168	31,409,074	9,285,427	-138%
Net Operational Expenditure	-15,332,834	-28,400,198	9,667,528	-15,400,974	-84%
<i>Included in Income are grants of R16.6 mil. Expenditure accounted elsewhere.</i>					<i>T 3.2.8</i>

3.3 Electricity

Mohokare Local Municipality is an electricity services authority and it has appointed CENTLEC (entity of Mangaung metro Municipality) to be its service provider. CENTLEC is responsible for distribution of electricity, maintenance of all infrastructures including areal lighting within the Municipal supply areas.

All households within the Mohokare Municipality are currently utilizing pre-paid meters. Rotating meters are only utilized on the major facilities e.g. Water treatment works, community lights, etc.

The Municipality did not undertake any electrification project in the current financial year (2014/15), as a result there was no budget for Capital Expenditure.

The Municipality submitted an application for funding of network upgrade and electrification of **74 sites** (current backlog) in the 2015/16 financial year to Department of Energy (DoE). Two hundred (200) households in Somido Park/Smithfield were electrified in the last financial year through funding from DoE.

Given the figures above it can be confirmed that the Municipality has achieved the National basic standard for provision of electricity by 2014, backlogs (in-fills) are as a result of recently occupied sites.

Electricity Service Delivery Levels				
Description	2011/2012	2012/2013	2013/2014	Households 2014/2015
	Actual No.	Actual No.	Actual No.	Actual
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	2043	2588	2588	2588
Electricity - prepaid (min.service level)	8479	8205	8205	8205
<i>Minimum Service Level and Above sub-total</i>	10216	10793	10793	10793
<i>Minimum Service Level and Above Percentage</i>	80,3%	76%	76%	76%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	2043,2	2588	2588	2588
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	1	1	1	1
<i>Below Minimum Service Level sub-total</i>	2043,2	2588	2588	2588
<i>Below Minimum Service Level Percentage</i>	19,7%	24%	24%	24%
Total number of households	10216	10793	10793	10793

Households - Electricity Service Delivery Levels below the minimum						
Description	2011/12	2012/13	2013/14	2014/2015		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
				No.	t No.	No.
Formal Settlements						
Total households	0	0	0	0	0	0
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
Informal Settlements						
Total households	0	0	0	0	0	0
Households ts below minimum service level	0	0	0	0	0	0
Proportion of households ts below minimum service level	0	0	0	0	0	0

Electricity Service Policy Objectives Taken From IDP									
Service Objectives <									

Capital Expenditure Year 0: Electricity Services					
					R'474 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total Allocation	474 000.00				474 000.00
Project A electrification of 45 houses in Smithfield	171 000.00				171 000.00
Project B Electrification of 36 houses in Zastron	136 800.00				136 800.00
Project C upgrading of infrastructure network	166 200.00				166 200.00

The Municipality did not undertake any electrification project in the current financial year (2014/15), as a result there was no budget for Capital Expenditure.

However, the above table illustrates the capital projects to be implemented in the 2015/2016 financial year.

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					0%
4 - 6					0%
7 - 9					25%
10 - 12	2	4	1	3	53%
13 - 15					40%
16 - 18					48%
19 - 20					40%
Total	2	4	1	3	41%

Financial Performance : Electricity Services					
Details	Year -2014	Year 2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20,039,105	-24,945,664	39,185,902	22,364,274	212%
Expenditure:					
Employees	758,090	-2,637,584	634,555	528,415	599%
Repairs and Maintenance	383,269	-14,054,015	990,875	884,450	1689%
Other	49,655,613	-10,464,867	29,536,736	49,402,241	121%
Total Operational Expenditure	50,796,972	-27,156,466	31,162,166	50,815,106	153%
Net Operational Expenditure	30,757,868	-2,210,802	-8,023,736	28,450,832	108%
Service is delivered at a deficit of R28.4 million. The bulk purchases amounted to R23.6 Mil compared to sales of R22.3 mil. Also included is depreciation of R24.5 mil.					T 3.3.7

3.4 Waste Management

INTRODUCTION TO WASTE MANAGEMENT

The Municipality has a mandate to provide and secure the cleanliness and healthiness of the environment through standards set by both the National and Provincial spheres of governments;

In attaining the aforementioned, the Municipality has to set daily to weekly monthly and to annual programmes targets on how to adequately provide required services that meet the set standard. Having said the above, in each and every Town that constitutes this Municipality, targets have been set per areas or suburbs, with specific number of households and businesses etc... per day to annual deliverables.

Achievements emanating from this specifics, gave guide to the Municipality regarding proper planning against resources available (eg. Phased in erection of guardhouses on our landfill sites, support and awareness's given to waste recycling cooperatives etc...) and again enabled the Municipality to minimize or reduce challenges (no proven or tangible report on solid waste removal) wherefrom you would find the ineffective delivery of services due to machinery and equipment shortages, constant repairs and maintenance, including shortage of staff to do the work. All of the above (provision of services), are been done internally by the Municipality from its operational budget that considered our indigent Communities who normally receive free basic services as per one of the Countries commitment on providing to all regardless on individual status

Solid Waste Service Delivery Levels				
Description	2011/2012	2012/2013	2013/2014	Households 2014/2015
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	10216	10793	10793	10793
<i>Minimum Service Level and Above sub-total</i>	10216	10793	10793	10793
<i>Minimum Service Level and Above percentage</i>	100%	100%	100%	100%
<u>Solid Waste Removal: (Below minimum level)</u>		-	-	-
Removed less frequently than once a week	0	0	0	0
Using communal refuse dump	0	0	0	0
Using own refuse dump	0	0	0	0
Other rubbish disposal	0	0	0	0
No rubbish disposal	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	0	0	0	0
<i>Below Minimum Service Level percentage</i>	0	0	0	0
Total number of households	0	-	-	-

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	2013/14		2014/2015		2015/16	2016/17		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year	*Current Year	*Following Year (x)
Service Objective xxx									
Provision of weekly collection service per household (HH)	Provision of services to 8162 households and businesses once a	300 weekly collection failures	70% of collection failures	70% of collection failures	No weekly collection failure experienced.	Hundred percent provision of services to	Hundred percent provision of services to	Hundred percent provision of services to	Hundred percent provision of services to 8162 households
Future capacity of existing and earmarked (approved use and in council possession)	100% Licensed and registered landfill sites within the Municipality.	100% use of Landfill sites.	100% use of Landfill sites.	100% use of Landfill sites.	75% use of landfill sites.	75% use of landfill sites.	100% Licensed and registered	100% Licensed and registered	100% Licensed and registered landfill sites within the Municipality.
Proportion of waste that is recycled	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.	0% percent of waste recycled as a percentage of total	Not Applicable to our Municipality	Not Applicable to our Municipality	Not Applicable to our Municipality	Not Applicable to our Municipality	Controlled volumes of waste recycled as a percentage	Controlled volumes of waste recycled as a percentage	Controlled volumes of waste recycled as a percentage of total volume of waste disposed
Proportion of landfill sites in compliance with the Environmental	100% of landfill sites by volume that are	100% of sites compliant	25% of sites compliant	25% of sites compliant	25% of sites compliant	25% of sites compliant	100% of sites compliant	100% of sites compliant	100% of sites compliant

Employees: Sanitation Services					
Job Level	Year -1	Year0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	40	40	40	0	0%
4 - 6	6	27	6	21	0%
7 - 9					25%
10 - 12	3	3	3	0	53%
13 - 15					40%
16 - 18					48%
19 - 20					40%
Total	49	70	47	21	41%

Financial Performance 2014/2015: Waste Management Services					
					R'000
Details	2013/2014	201/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 329	8 747	8 472	6 503	-23%
Expenditure:					
Employees	4 205	4 416	4 564	4 778	4.7%
Repairs and Maintenance	158	18	17	1	-88.9%
Other	370	6 699	7 303	656	-91%
Total Operational Expenditure	4733	11 133	11 884	5 435	-54.3%
Net Operational Expenditure	404	2 386	3 412	1 068	-68.7%

3.5 Housing

This housing project is one of the Provincial programmes from Human Settlements directorate intended to make difference to all residents within the Municipality through the below mentioned allocations;

Progress report on the project:

Smithfield/Mofulatshepe;

Project Name	Name of Contractor	Allocated Housing Units	Project Status			
			P. 5.1. (foundation level)	P.52 (Wall plate level)	P.53 (Completions)	Handed over to Beneficiary
RDP Low Cost housing project	Leveticus, Steel and Building Contractors	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)
Total Housing Units		100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)

Rouxville/Roleleathunya;

Project Name	Name of Contractor	Allocated Housing Units	Project Status			
			P. 5.1. (foundation level)	P.52 (Wall plate level)	P.53 (Completions)	Handed over to Beneficiary
RDP Low Cost housing project	Leveticus, Steel and Building Contractors	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)
Women's Built						
Total Housing Units		100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)

Zastron/Matlakeng;

Project Name	Name of Contractor	Allocated Housing Units	Project Status			
			P. 5.1. (foundation level)	P.52 (Wall plate level)	P.53 (Completions)	Handed over to Beneficiary
RDP Low Cost housing project	Suprim Trading.	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)
Total Housing Units		100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)	100 (hundred Units)

- Zastron/Matlakeng project under Suprim Trading and ZIMVO General Trading housing project in Rouxville under LEVETICUS STEEL AND BUILDING are both completed.
- Zastron/Matlakeng two (2) roomed housing project started April 2015 and will continue until the end of March 2016.

Lodged Housing Disputes

Other than facilitation of housing projects, housing and sites disputes that emanates from different families and relatives, are been attended within this division with some been elevated or referred to offices of the Magistrates due to their merits. Below, is a reflection of disputes recorded and attended during the financial year. The outstanding cases will be attended as per the Families requests and availability as some of them are working outside Mohokare.

Name of Town	No. of Disputes lodged	April	May	June	Type of Dispute			Attended		Outcome
					Site No.	Houses	Estates	Yes	No.	
Rouxville	4 (four)	-	1	-	54 & 55	-	-	Yes	-	Done.
		1	-	-	65	House	-	Yes	-	Done.
				1	66	House	-	Yes	-	Outstanding due to unavailability of all parties concerned
		1	-	-	642	-	-	Yes	-	Done
Zastron	One (1)	1	-	-	999	-	-	Yes	-	Done
Smithfield	None	-	-	-	-	-	-	-	-	-
Total	Five (5)	3	1	1	-	-	-	-	-	5 (five)

ILLEGAL SETTLEMENTS

The municipality has a list of previously registered illegal settlements which are being monitored on a monthly basis. In Zastron the case of 63 illegal occupants is being handled by Webbers Attorneys. New illegal settlements developing are being demolished by the Municipality's Security Department.

Report on status on site:

Name of Town	Initial number of households	Settlement Name
Zastron/Matlakeng	63 (sixty three)	Illegal land occupants
Rouxville/Roleleathunya	27 (twenty seven)	Somerset
Smithfield/Mofulatshepe	54 (fifty four)	54 "A" Numbers

Access to Housing			
Human Settlements	%		
	MTEF period		
	2011/12	2012/13	2013/14
Allocation of Houses	400	500	200
Backlog in housing provision	500	600	300

Important to note is that the Human Settlement Budget for provision of Houses solely rests with and is the responsibility of the Free State department of Cooperative Governance and Traditional Affairs.

3.6 Free Basic Services and Indigent Support

The council is pro-active in identifying any households which could qualify for the indigent subsidy. This has resulted in a 30% increase in households that now qualify for the subsidy.

Free Basic Household Services	% Provision	
	MTREF Period	
	2013/14	Ending 30 th June 2015
Households receiving free basic water	1 578	2 054
Households receiving free basic sanitation	1 578	2 054
Households receiving free basic electricity	1 578	2 054
Households receiving free refuse removal	1 578	2 054

FINANCIAL PERFORMANCE: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED						
	Jun-14			Jun-15		
SERVICE	Budget	Actual	Variance	Budget	Actual	Variance
Rates	605,810.00	6,950,601.58	54%	564,553.94	6,950,601.58	54%
Sewerage	1,097,710.00			2,060,910.00		
Refuse	828,460.00			1,177,335.00		
Water	912,220.00			728,662.50		
Electricity	1,055,810.00			432,000.00		
TOTAL	4,500,010.00			4,963,461.44		

COMPONENT B: Road Transport

3.7 Roads and Storm Water

The Municipality has prioritized the upgrading of access roads by implementation of Capital budget on this division. This is evident with the completion of the 2 km paved access road in Rouxville, the 2.9 km access road in Zastron which is 100% complete and the inclusion of the 3km access road in Smithfield in the MIG implementation plan of 2015/16.

In terms of maintenance, the department has appointed a supervisor who is responsible for all roads and storm water maintenance work. The day to day task included the following:

- Operations supervision.
- Grading of gravel roads.
- Patching of potholes.
- Painting of road markings.
- Identification of roads that need to be replaced.

Maintenance of roads was considered for all three towns.

The table below indicates the different aspects of roads and storm water that were attended to.

Name of Services	Inspection Concerns/observations
Tar Roads	Tar Potholes to be closed using Tar while using gravel temporarily
Gravel roads	Maintenances of gravel Roads at Rouxville, Smithfield and Zastron
Community Services illegal dumping sites and sport Grounds	Grading of Sports Ground per units Plenty of illegal dumping sites.
Storm water management	Rouxville Storm water management Smithfield Storm water management Zastron Storm water management
Trafficable Road	Painting of Stop signs and all relevant road markings

Tarred Road Infrastructure					
	Kilometers				
	Total tarred roads	New tar roads	Existing tarroads re-tarred	Existing tarroads re-sheeted	Tar roads maintained
2012/2013	21	0	21	0	21
2013/2014	21	0	21	0	21
2014/2015	21	0	21	0	21

Cost of Construction/Maintenance						
	R'3 073 230,00					
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2012/2013	0	365 730,00	347 890,00	0	0	267 610,00
2013/2014	0	380 000,00	385 000,00	0	0	275 000,00
2014/2015	0	394 000,00	340 000,00	0	0	318 000,00

Road Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i>	Outline Service Targets	2013/2015		2014/2015		2016/2017	2017/2018		
		Target	Actual	Target		Actual	Target		
		*Previous Year	(iv)	*Previous Year	*Current Year	(vii)	*Current Year	*Current Year	*Following Year (vi)
Service Objective Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance									
<i>Elimination of gravel roads in townships</i>	Kilometers of gravel roads tarred (Kilometers of gravel road remaining)	0 kms gravel roads	0 kms gravel roads	0 kms gravel roads	0 kms gravel roads	0 kms gravel roads	0 kms gravel roads	0 kms gravel roads	0 kms gravel roads tarred 0 kms gravel roads
<i>Development of municipal roads</i>	2.9 kms of municipal roads	0 kms	0 kms	2.9 kms	2.9 kms	2.9 kms	5 kms	kms	kms

Employees: Roads & Stormwater Services					
Job Level	2013/2014	2014/2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	13	16	13	3	0%
4 - 6	5	5	5	0	0%
7 - 9					25%
10 - 12	1	4	1	3	53%
13 - 15					40%
16 - 18					48%
19 - 20					40%
Total	19	25	19	6	41%

Financial Performance : Road Services					
Details	Year -2014	Year 2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,000,000	-664,011	3,526,428	1,033,311	164%
Expenditure:					
Employees	3,461,377	1,186,125	3,695,152	3,729,487	68%
Repairs and Maintenance	406,980	2,373,500	320,363	22,464	-10466%
Other	2,216,383	21,169,868	18,384,616	1,294,085	-1536%
Total Operational Expenditure	6,084,739	24,729,493	22,400,130	5,046,035	-390%
Net Operational Expenditure	5,084,739	25,393,504	18,873,703	4,012,725	-533%
					T 3.7.8

Component C: Planning and Development

3.8 Planning

This unit is housed in the Office of the Municipal Manager, hence the staff breakdown that follows below. Mohokare has dedicated positions within the organizational structure to ensure proper planning and development, to even explore the potential of tourism promotion in our area. Being a municipality that shares a border with Lesotho presents opportunities that need to be explored and projects initiated. The landscape of the Municipality is not posing serious challenges in terms of property development, business development and better management of land.

The planning and Local Economic Development section of the municipality deals with a number of components within this field

Integrated Development Planning

The Integrated Development plan for the municipality was developed in house by this unit. It is a strategic plan that is developed and reviewed yearly and is legislated by the municipal systems act.

Performance Management System

This section deals with the performance of Individual Managers and that of the organisation as a whole. It is responsible for the development of the Organisational scorecard, the Service Delivery and Budget Implementation Plan (SDBIP) and the signing of performance contracts for the Municipal Manager and Deputy Municipal Managers (Directors). For the 2014-2015 financial years, the scorecard and SDBIP were developed and adopted and the performance contracts were signed and submitted to the MEC for COGTA.

Local Economic Development

As the municipality has limited sources of revenue collection, Local Economic Development plays a key role in the municipality's economic development plan. The LED strategy is currently in place and it aims to assist the municipality in cultivating LED opportunities within the municipality.

Spatial Planning

The presence of a spatial development framework gives more opportunities to potential positive development and the framework guards against illegal practices in terms of land development. Town planning has at its aim to see to the optimum organization, use of land and properties so that sustainable development and settlement can be developed in an organized and legal way in accordance to the principles within the local IDP and Spatial Development Framework.

Town planning is an umbrella division as it connects with different disciplines within the municipal sphere. LED, tourism, Environmental Health, Community Services, Rural development as well as Infrastructure to name a few

The National Building Regulations and Building Standards Act 103 of 1977 is the guideline that must be used for approval or not, of a building plan. The Town planning Schemes as well as the title deed must also be taken into account. Building plans are a legal requirement.

A Spatial Planning and Land Use Management Bill, 2011, commenced on the 1st July 2015, this bill will repeal the following acts used in Town planning:

Removal of Restrictions Amendment Act No. 55 of 1977

Removal of Restrictions Amendment Act No. 18 of 1984

Physical Planning Act No. 88 of 1967

Physical Planning Amendment Act No. 87 of 1983

Physical Planning Amendment Act No.104 of 1984

Physical Planning Amendment Act No. 92 of 1985

Physical Planning Act No. 125 of 1991

Development Facilitation Act No. 67 of 1995

Spatial Planning

TOWN PLANNING DIVISION

Introduction to Town Planning

Town planning from a municipal perspective focuses on land use and the development thereof in such a way as to be sustainable, in other words, planning and development must be done as to enhance the environment for man and animal in a harmonious way as to be sure that future generations will be able to enjoy the legacy from their parents in a sustainable manner.

Town planning Strategy

Manages the key performance areas and result indicators associated with the creation, regeneration, enhancement and management of public spaces through the provision of a professional management consultancy service disseminating advice and guidance on international best practice trends, design, specification, procurement and implementation sequences in respect of urban design and architectural projects and monitoring and reporting on the outcomes of the section.

For this to be possible, town planning has certain policy documents as well as guidelines to assist in above goals.

1. Integrated Development Plan
2. Spatial Development Framework
3. Town planning schemes, LUMS and Spatial Planning and Land Use Management Bill (SPLUMB)/ Spatial Planning and Land Use Management Act (SPLUMA)
4. Policies
5. By-laws
6. National Building Regulations Act

Progress made to provide basic standards

Town planning has an umbrella effect and is an all-inclusive subject spreading over many different divisions.

IDP

The IDP is the guideline and structure within the municipal framework that is needed to be followed in terms of where exactly planning and development is intended to take place in the 5 year period within the municipal boundaries.

Spatial Development Framework (SDF)

The National Department of Rural Development and Land Reform has appointed a company from Stellenbosch to assist in the development of a new SDF. The SDF was approved by the Mohokare Council in March 2014 and received a 88% score during the assessment phase during the IDP assessments. A review of this document will be done for the 2015/16 financial year to capture new development proposals as well as the LED projects as per its indicated location per town.

The SDF goes hand in hand with the IDP and indicates where planning and future development can take place. The SDF explains exactly what the current status quo per town is and where changes can be made. The SDF includes a spatial analysis showing local key spatial issues and objectives.

Town planning Strategy

Management of the key performance areas and indicators associated with the creation, regeneration, enhancement and management of public spaces through the provision of a professional management consultancy service disseminating advice and guidance on international best practice trends, design, specification, procurement and implementation sequences in respect of urban design and architectural projects and monitoring and reporting on the outcomes of the section.

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Progress made to provide basic standards

Town planning has an umbrella effect and is an all-inclusive subject spreading over many different divisions.

Mooifontein

This farm was earmarked for future human settlement and the town planning. This division within the Mohokare Municipality is in the process of development of this land with the assistance of several stakeholders.

Zastron Structure Plan

A Structure plan was developed by Mr. Casper Badenhorst to assist in a holistic development plan for Zastron. This plan links Zastron, Matlakeng and the future Mooifontein development as to create one community.

Structure plans must also be developed for Rouxville and Smithfield.

Town planning schemes, LUMS and Spatial Planning and Land Use Management Bill

To be able to implement the IDP and SDF, certain guidelines are in place that needs to be adhered to. These guidelines are found in the Town planning schemes and LUMS for each town and municipality. The town planning schemes for Rouxville and Zastron dates back from 1990 and 1991 and therefore a new set of guidelines are being developed, namely the Land Use Management Scheme. LUMS are currently not available yet.

The Spatial Planning and Land Use Management Act, no16 of 2013 (SPLUMA) was signed in August 2013 and implementation date was supposed to be 1 July 2014 which was then postponed until 1 July 2015. SPLUMA revokes all other acts eg. Black Communities Development Act no 4 of 1994 and the Physical Planning no 125 of 1991

Within abovementioned documents, there are paths to follow as to adhere to the specifications within to ensure the progress in terms of provision of basic standards to the local communities.

SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA), SPATIAL PLANNING AND LAND USE BY LAW AND THE MUNICIPAL PLANNING TRIBUNAL

During 2014 focus was on municipal readiness in terms of SPLUMA. Mohokare is one of three municipalities in the Free State ready for the implementation of SPLUMA. Public participation was done throughout Mohokare in terms of SPLUMA and the associated by-law .As per SPLUMA, a Municipal Planning Tribunal must be set up for future applications to be evaluated. This MPT was created and was published along with the Mohokare By law on Spatial Planning and Land Use Management on 12 June 2015 in the Free State Gazette. The publishing of these two documents was funded by the National Department of Rural Development and Land Reform.



SPLUMA^{18 OF 2013} weekly newsletter

Special Issue 2 | 12 June 2015

12 Working Days to go before the commencement of the Spatial Planning and Land Use Management Act (Act 16 of 2013)

Countdown to 1 July 2015!!



Special Announcement!!

Congratulations:

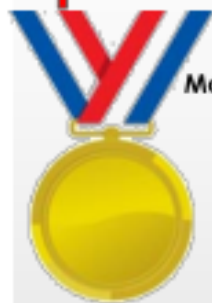
Moqhaka | Setsoto | Kopanong | Mohokare | Dihlabeng

For establishing your Municipal Planning Tribunal

&

Kopanong | Mohokare | Dihlabeng

For the publication of your By-Law!!



**Provincial
Gazette**
Free State Province



**Provinsiale
Koerant**
Provinsie Vrystaat

Published by Authority

Uitgegee op Gezag

NO. 25	FRIDAY, 12 JUNE 2015	NO. 25	VRIDAG, 12 JUNIE 2015
GOVERNMENT NOTICE			
Moghaka Local Municipality	2		
Setsoto Local Municipality	3		
Kopanong Local Municipality	4		
Mohokare Local Municipality	5		
Dihlabeng Local Municipality	6		
COOPERATIVE GOVERNANCE, TRADITIONAL AFFAIRS AND HUMAN SETTLEMENTS NOTICE			
Kopanong Local Municipality	7		
Mohokare Local Municipality	86		
Dihlabeng Local Municipality	125		

Congratulations

GAZETTE NOTICE

APPOINTMENT OF MEMBERS TO THE MOHOKARE MUNICIPAL PLANNING TRIBUNAL IN TERMS OF SECTION 35 OF THE SPATIAL PLANNING AND LAND USE MANAGEMENT ACT, ACT 16 OF 2013

I hereby appoint the following persons as members of Mohokare Municipal Planning Tribunal in terms of Section 35 of the Spatial Planning and Land Use Management Act.

MUNICIPAL

Chairperson: Mr Thabo Christian Panyani
Deputy Chairperson: Sandile Lungelo Majenge
Emmerential Elizabeth Meades
Daniel Johaness Marias
Songezo Petela
Maria Magdalena Van Pletzen

GOVERNMENT

Petra Marias
Nandiswa Innocentia Mbolekwa

The commencement date of the Mohokare Municipal Planning Tribunal will be the 1st of July 2015. The *domicilium citandi et executandi* for the purpose of accepting land development applications, legal proceedings and giving or sending notices are the following addresses:

Physical Address:

Hoofd Street
Zastron
9550

Postal Address:

PO Box 20
Zastron
9550

E-Lodgement Address:

eMohokare@spisys.gov.za

Mr. TC Panyani
Municipal Manager
MOHOKARE MUNICIPALITY

Land uses, Title deeds, Zoning and Zoning certificates

Land use is governed by the proper land use assigned to a specific erf or area. Land use is stipulated by zoning. Development is regulated by the SDF and IDP in accordance with the specific zoning.

Land use must be in accordance with Title deeds of said property and the Town Planning Scheme. Possible revenue for the municipality can be generated in terms of rates and taxes if the Land use is changed. Requests for rezoning must be taken seriously as well as the compliance by property owners to the land use allocated to their erven. Densification of urban areas must be a focal point for the municipality and urban sprawl must be dissuaded.

Eleven (11) zoning certificates were issued in the period 1 July 2014 to 30 June 2015

POSSIBLE DEVELOPMENTS

Areas were identified within the new Spatial Development Framework for possible developments and the Town Planning Unit held meetings with PULA and MISA to set up a quantitate analysis of what these developments will entail in terms of monetary cost to the municipality. The following projects are budgeted for:

TOWN	ERF/AREA	WORK TO BE DONE	BUDGET 2015/16	2014/15 update
ZASTRON	ERVEN 486-489	REZONING AND CONSOLIDATION	R200 000	Included in the 2015/16 budget
ZASTRON/ MATLAKENG	ERVEN 2949 and 1067	PARK CLOSURE, REZONING AND CONSOLIDATION		Included in the 2015/16 budget
SMITHFIELD	54 SITES IN MOFULATSHEPE	REZONING AND SUBDIVISION, PARK CLOSURES, STREET CLOSURES AND INCORPORATION INTO THE GENERAL PLAN	R503 501.52	Not budgeted for thought Mohokare municipality HDA Pipeline project
SMITHFIELD	EXPROPRIATION of 9 erven	EXPROPRIATION:	R45 030	1 property outstanding. Handled though Malherbe, Saayman and Smith

Rezoning, Consolidation and subdivision

Depending on the regulations per title deed of a said erf, an application can be done for rezoning, subdivision or/and consolidation of erven. The legal implication is to follow with the title deed issued against specific erf as well as the specific Town Planning Scheme for land use as well as the SDF. It may have positive financial implications for the municipality in terms of a potential income and densification of land use.

It is recommended that depending on the direct impact to the immediate surroundings, a recommendation will be sent forth to the Mohokare municipality's management as well as the Council for approval or not, of a specific application. Densification of urban areas must be a focal point for the municipality and urban sprawl must be dissuaded.

ZONING AND REZONING, CONSOLIDATION, SUBDIVISION

ERF NR.	OWNER	REQUEST FOR:	ACTION TAKEN
ERVEN 112 AND 113 Smithfield	M. du Preez	CONSOLIDATION	APPROVED BY COUNCIL
ERVEN 11 AND 1.280 Rouxville	M. du Preez	CONSOLIDATION	APPROVED BY COUNCIL
383 Rouxville	P.J. FOUCHE	SUBDIVISION	APPROVED BY COUNCIL
ERF 1/207 Zastron	N.V. Tsele	REZONING	IN PROCESS

CONSENT USE APPLICATIONS

ERF NR.	OWNER	REQUEST FOR:	ACTION TAKEN
Erf 1224 SOMIDO PARK	D.C. SELEKE	CONSENT USE	APPROVED. CONSENT ATTACHED TO OWNER AND NOT TO THE PROPERTY

Encroachment queries

Encroachment is a very serious and problematic situation being dealt with continuously. Problems occur where the boundary of a site is unclear or unknown because no land surveyor pens are available. It has either been removed illegally or driven so deep into the earth, that it cannot be found. Property owners simply decide by themselves to put up a fence without checking at the municipal offices for assistance in identifying boundary lines.

Layout plans, title deeds, land surveyor's pens and aerial photographs can be used to assist in identifying boundaries. Each complaint must be investigated. If the municipal officers are unable to show out boundaries, it is necessary for the owner of the property, to contact a private land surveyor or a town planner to assist in identifying the correct boundaries but this has cost implications to the individual.

General queries

Town planning includes a wide variety of municipal information in terms of land use and therefore a lot of general queries are handled. Most information given is in terms of requirements needed on and for building plans. Secondly information is required for the

process and whole can be contacted for the designing and providing of services like building plans and in terms of possible consolidation and subdivision of erven. A draft building plan manual has been written and approved by Council.

Most site related queries are for business sites and church sites. A huge need exists. Furthermore, site measurements and copies of existing building plans are identified needs through queries being received.

Building plans

A need was identified for specifications of what is needed on a building plan and therefore a tick list was designed by the town planner to assist in this effect. Problems exist in terms of the community's unawareness of submitting building plans. A PowerPoint presentation was drawn up to explain what is needed and will be distributed to all pay points and libraries for individuals to access the information.

BUILDING PLAN ERPORT 1/07/2014 – 31/06/2015

DATE	INVOICE	SURNAME	ERF NR	TOWN	NEW PLAN	EXTENSION	APPROVED	NOT APPROVED	COMMENTS
10/08/2014	14004620	N. ROODT	555	Smithfield		X		X	Resubmitted and approved 6/11/14
16/07/2014	19004065	M. DINANA	NOT AVAILABLE	ZASTRON	X			X	Resubmitted and approved 26/09/14 Cannot be built as stand at 19 Joachim Street, Zastron must first be subdivided by the owner, Me Makumsha
05/09/2014		T.P. TAMANYANE	192	ROUXVILLE	X		X		
14/05/2014	22000947	N. ROODT	107	Smithfield		X	X		
27/08/2014	15002616	J.M. SKOVA	782	Roleleathunya ROUXVILLE		X	X		
23/07/2014	19004087	M.A. NYAMATAKI	241	ZASTRON	X			X	SECTIONAL DRAWING – rafter cannot protrude through walls as indicated on plan RESUBMITTED 03/11/2014 APPROVED
27/08/2014	EFT (ref:141)	I. NEL	141	ROUXVILLE		x	x		

DATE	INVOICE	SURNAME	ERF NR	TOWN	NEW PLAN	EXTENSION	APPROVED	NOT APPROVED	COMMENTS
27/08/2014	15002868	Mr ADOONS	133	ROLELEATHUNYA	X		X		
21/07/2014	14004518	OVK	50 - 60	Smithfield	X			X	MORE THAN 500 ² Must be done by registered architect
28/07/14	EFT	INANEL	144	ROUXVILLE	X		X		
26/09/14	19004484	G. Mhlomi	355	Zastron		X	x		29/09/14 approved
15/10/14	Not paid – still a draft as erf must be consolidated	M. du Preez	180 and 11	Rouxville	X		x		Only as a draft. Inspected by technical staff for their approval before final plan is submitted
27/10/2014	17708	Mr. Montsitsi	396	Zastron	X		x		
27/10/2014	1900547	J.M. Mafene	241	Zastron	X		x		
13/11/2014	Paid	Motheo college	1/55	Zastron	Renovation		x		
17/11/2014		Mr. Sidzamba	850	Matlakeng		X	x		
23/12/2014	22001059	J. Mnyameni	114	Mofulatsh epe		X			In progress due to Dec. holidays
12/01/15	15003774	Mrs. M. SEPHULA	Erf 2061	Roleleathunya	X		x		
26/01/2015	Paid before - resubmi	D. SELEKE	ERF 1224	SOMIDO PARK		X	X		

DATE	INVOICE	SURNAME	ERF NR	TOWN	NEW PLAN	EXTENSION	APPROVED	NOT APPROVED	COMMENTS
	tted								
27/01/2015	16659	M DU PREEZ	CONSOLIDATION	ROUXVILLE	X		X		
27/01/2015	16658	M DU PREEZ	CONSOLIDATION	SMITHFIELD	X		X		
30/01/2015	13011315	FNB ZASTRON	2/23	ZASTRON	X ATM		X		
26/01/2015	RESUBMITTED	MP KATSE	2039 MATLAKE NG	ZASTRON	X		X		
16/02/2015		ROUXVILLE FARMERS UNION	ROUXVILLE	ROUXVILLE		X			BUILDING PLAN NOT TO STANDARD – Referred back to be Drawn up draughtsman
11/03/2015	1900525	K. GQUALAQA	ERF 345	ZASTRON		X	X		
03/03/2015	13011402	Mr. ELISHA	2227 PHOMOLONG	ZASTRON		X	X		LIQUOR LICENCE
04/03/2015	14005985	MR. DICHA BA	ERF 585	Smithfield		X	X		LIQUOR LICENCE
19/05/2015		V.K. DUDA	869 SOMIDO PARK	Smithfield					LIQUOR LICENCE
01/04/2015	PAID	OVK SMITHFIELD	51 AND 52	Smithfield	X		X		STORE
29/05/2015	19006232	Mr. MANANZI	90 MATLAKE NG	ZASTRON		X	X		LIQUOR LICENCE

DATE	INVOICE	SURNAME	ERF NR	TOWN	NEW PLAN	EXTENSION	APPROVED	NOT APPROVED	COMMENTS
01/06/2015	NOT PAID YET	MC THABATHA	351	ZASTRON		X			NOT APPROVED YET. IN PROCESS DUE TO PROBLEMS WITH BUILDING PLAN AND ZONING OF PROPERTY

Policies/plans

Building Control Policy
Town Planning Policy

MMOTPL001 (P37)
MMOTPL002 (P40)

Policies and Procedures Manual
Policies and Procedures Manual

An updated town planning policy is needed as to comply with SPLUMA. This will be written in association with Cogta

By-laws

The following By-laws are in place

- Standard Control of Street Vendors, Peddlers and Hawkers By-law
- Standard Advertising By-Law
- Standard Informal Settlements By-law
- By law on Spatial Planning and Land Use Management

Fee Structure

The fee structure was updated by the town planner as the Dept. of Finance was assisted in updating the fees for the next financial year. These fees were advertised and can be implemented within the new financial year.

Measures taken to improve performance and major efficiencies delivered.

Weekly reports, formats and tick sheets were introduced by the town planning division to organize the work done on a daily basis and to ensure continuity as well as follow-ups to queries, problems and requests in terms of town planning.

With the approval of the Spatial Development Plan (SDF) the town planning division has the tools to focus on development and land use to the betterment of the local communities, eg.

Development of hawker stalls to regulate informal trading, assisting the Local Development division in terms of the location of possible projects which will assist in terms of job creation and development of the local communities.

Attach trends, comments and variances

One of the biggest challenges experienced by the town planning division is the search for possible areas to develop more residential sites as there is such a huge need experienced. The three new developments stated underneath are in need of basic services and the Dept. Technical services has reported in terms of MIG for funding to develop the necessary infrastructure.

Extension 10 Zastron 725 erven

Extension 6 Rouxville 855 erven

Greenfields Smithfield 467 erven

Development of Mooifontein for residential purposes

Currently there is a need for church, crèche and business sites. It may be necessary to develop a policy in terms of a definition of what is a church, the needs of such an organization and the structure that must be put up on a site zoned for institutional purposes.

Building regulations

Adherence to building regulations is a huge challenge as people or not clued up on what is expected of them. Structures are built without building plans. Education is necessary to explain the importance thereof.

Control of hawkers

Control of hawkers and informal businesses is proving to be a huge challenge. Erven are identified for development of a site for hawkers with formalized structures to accommodate hawkers and their businesses.

Town planning Schemes

Absence of a town planning scheme in Smithfield, make decisions in terms of town planning, e.g. land use very difficult and will the Spatial Planning and Land Use Act (SPLUMA), when implemented, assist because it will substitute all current town planning schemes.

SPLUMA will bring big changes on municipal level as most functions now being done on a provincial level, will be cascaded down to municipal level, and will all municipalities need to have registered town planner.

LIQUOR LICENSE APPLICATION:

Four (4) applications were received during the 2014/2015 financial year.

Encroachment queries

Encroachment is a very serious and problematic situation being dealt with continuously. Problems occur where the boundary of a site is unclear or unknown because no land surveyor pens are available. It has either been removed illegally or driven so deep into the earth, that it cannot be found. Property owners simply decide by themselves to put up a fence without checking at the municipal offices for assistance in identifying boundary lines.

Layout plans, title deeds, land surveyor's pens and aerial photographs can be used to assist in identifying boundaries. Each complaint must be investigated. If the municipal officers are unable to show out boundaries, it is necessary for the owner of the property, to contact a private land surveyor or a town planner to assist in identifying the correct boundaries but this has cost implications to the individual.

3.9. Local Economic Development (Including Tourism Markets)

Municipalities have a constitutional mandate to promote local economic development (LED). Section 153 of the constitution states that:

A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community

Local Economic Development is a process where local stakeholders such as government, business, labour, and civil society organisations work collectively to identify, utilize and harness resources to stimulate local economy and create employment.

LED Strategy

Mohokare LED Strategy was first drafted in 2006 and was reviewed in 2014 and adopted by council in the same year. The review was done with the assistance of MISSA, SALGA, COGTA, and Treasury at no cost to the municipality. Be it noted that Mohokare is the only municipality so far that has done the review process on a zero based budget.

Tourism

Mohokare Local Municipality shares borders with the Mountain kingdom of Lesotho as well as the Eastern Cape town of Sterkspruit. The municipality's geographic position therefore presents a wide range of opportunities including trade and tourism. In the past financial year the LED Unit has made a proposal for a private investment on tourism in Zastron (Caravan Park and chalets and surrounding area) and that proposal has been approved by council. A decision has also been taken to advertise and invite business proposals that would take this initiative forward.

High impact projects

On 15 June 2015 the Department of Economic Development Small business support Tourism and Environmental Affairs held a meeting with all the municipalities in the district. The purpose of the meeting was to grant municipalities to make presentations on industrial projects in their localities that needed funding. Mohokare LED Unit presented the following projects:

- Sand stone mining
- Meat processing
- Quarry
- Charcoal production
- Textile factory
- Solar plant
- Lime stone mining
- Milk processing
- Fuel station
- Recycling

Poverty alleviation support

During the past financial year COGTA has been able to create 75 jobs through its Community Development Program. The department of Public Works has also created around 800 jobs through its EPWP initiative.

Measures taken to improve performance

For the improvement and enhancement of LED in all the three towns, management took a resolution to enrol all the Unit managers for a five months LED certificate course that started in April and will end in September 2015.

Funded projects

Aquaculture

Meat processing

Bakery

Agro-processing

Vegetable farming

Employment research

Be it noted that municipality is faced with a serious challenge of high unemployment rate. Research indicates that 80% of the entire population in the municipality are indigents. This extremely high percentage of grant dependence makes it practically impossible for investors to come and invest in the area. As a result of this challenge the LED Unit conducted its own research on alternative means of job creation and the following areas were identified:

Cooperatives program

Agro-processing

Tourism

Commercialization of Magaleen border post

Small scale mining

Small towns' regeneration program

Commercial Land Audit

COOPERATIVES PROGRAM

This program has been identified as a possible solution in addressing unemployment. There are more than twenty registered cooperatives existing in Mohokare. Most of them are depending on grant funding as opposed to loan funding. So far the cooperatives which secured funding and are still funded are aquaculture, vegetable farming, bakery, and milk processing. At the last meeting held with Imbumba in Zastron, it was reported that private funding for meat processing project has been secured and work to take the project off the ground was to start soon.

AGRO-PROCESSING

Mohokare local municipality has been identified as an agrarian area that pride itself with cattle and sheep farming. Though this case may be local people do not benefit from agricultural opportunities that are there. For example meat, cattle skin and wool is taken elsewhere for processing instead of being processed locally and create employment for local residents. This matter has been discussed at length with the Rouxville Development Agency as well as local farmers and possible investors.

TOURISM

Mohokare Local Municipality's geographic position presents vast opportunities particularly in areas of tourism. The municipality is situated along Maluti tourism route that covers the town of Zastron and Rouxville. The other town of Smithfield is situated along the N6 national road which also presents good opportunities for tourism. LED Unit has already made a proposal on securing a private investor to develop tourism infrastructure along the Caravan Park and chalets in Zastron. A management resolution was taken that this initiative should be advertised on print media.

COMMERCIALISATION OF MAGALEEN BORDER POST

Magaleen border post is shared between the town of Zastron in the Free State and the mountain Kingdom town of Mohakeshoek. The commercialization of this border post has a potential of unleashing huge economic benefits through tourism and trade for both towns mentioned above. This subject has been discussed and presented to both COGTA and SALGA and both organisations have made a commitment to take it to the relevant authorities.

SMALL SCALE MINING

In the past financial year the LED Unit has been working on formalizing and securing support for illegal clay miners in all the three towns. The Department of Mineral Resources was called in to conduct a workshop on licencing of small scale mining activities. The department further undertook to assist municipality to secure funding for small scale mining permit. Minerals Technology (MINTEK) also visited the three towns and took clay samples for testing. Results are still to be tabled to the LED Unit.

SMALL TOWNS REGENERATION PROGRAM

The Small Towns Regeneration Program is a project initiated by SALGA national and is intended to bring much needed economic vibrancy in small towns. This project was first successfully piloted in the Eastern Cape and is now rolled out in the Free State. In 2014 a three days' workshop was held for all beneficiary municipalities and the town of Zastron has been identified and selected to be the pilot and the other two units of Rouxville and Smithfield shall follow. This project is still on going and SALGA will come and make presentation at a council meeting to be held in August 2015.

COMMERCIAL LAND AUDIT

Mohokare municipality has strategic pockets of commercial land in all the three towns. This land remains a closed book given the fact that it is not yet audited and therefore is unknown to the potential investors out there. LED Unit has made a proposal that all this commercial land be identified and be put on sale with strict conditions for development to potential buyers.

Job Creation

Implementation of projects within the Municipality is targeted to provide social and economic benefits to the community within the boundaries of the Municipality. This should be achieved through employment opportunities and development of local sub-contractors.

Below are the employment figures for the year per project under the MIG program

Table 2: Labour Employment

	Male		Females		Disabled	Total
Project Description	Youth	Adult	Youth	Adult		
Mohokare: Upgrading of the Caledon water scheme to Smithfield	0	0	0	0	0	0
Mofulatshepe: Upgrading of sports ground	6	4	3	2	0	15
Upgrading of Roleleathunya Sports Ground	0	0	0	0	0	0
Upgrading of internal streets in Matlakeng (2.9 km)	25	17	9	1	0	52
Smithfield/Somidopark: Installation of 14 high mast lights	0	0	0	0	0	0
Upgrading of Matlakeng Sports ground	0	0	0	0	0	0
RBIG Projects						
Upgrading of Rouxville Water Treatment Plant	13	8	0	1	0	22
Construction of a 15 km pipeline from Montigu Dam to Kloof Dam and to Zastron Water Treatment Works	23	13	10	6	0	52
Total	67	42	22	10	0	141

Conclusion

Be it noted that municipality does not budget for LED projects, but its primary task through its LED Unit is to create enabling environment for economic growth and employment creation. Through its LED Unit the municipality further assist, give support and lobby funding for developmental projects as identified and proposed by formalised structures in a form of cooperatives and close corporations. The EPWP as well as CWP are still accounting for more employment in the municipality even though on contractual basis.

The LED Unit has taken a resolution not to fill the post of LED officer but to advertise and appoint a project implementing agent whose main ask shall amongst others compile business plans for specific projects, lobby funding an implement such projects. The agent will then be reimbursed on the basis of achievement of set targets and objectives.

Financial Performance : Planning Services: IDP and LED					
Details	Year -2014	Year 2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	870229	0	n/a
Expenditure:					
Employees	1913069	-8335258	2104223	2146867	488%
Repairs and Maintenance	11200	863550	0	0	n/a
Other	116641	-1176785	176496	126490	1030%
Total Operational Expenditure	2040910	-8648493	2280718	2273356	480%
Net Operational Expenditure	2040910	-8648493	1410490	2273356	480%
					T 3.10.5

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.10 Libraries, Archives, Museums, Galleries, Community Facilities; Other

Libraries

The Municipality is still awaiting the finalization of the dissolution of services process with regards to the library services, because the department of Sport, Arts & Culture is supposed to absorb the Human Capital that the Municipality is currently funding. There are 5 (five) libraries in Mohokare Local Municipality and they operate in the following manner:

Operating hours and days
Rouxville Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

Roleleathunya: Albert Nzula Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

Smithfield/Mofulatshepe

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00	N/A	13h00

Zastron: Zastron Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

Matlakeng: Matlakeng Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

COMMUNITY FACILITIES

3.11 CEMETORIES AND CREMATORIUMS

The Municipality has eighteen (18) cemeteries with six (6) in each Town. Having mentioned the above, its only three cemeteries fully operational in each town due to sites been allocate to the capacity regarding the hectares of each cemetery.

The allocation of graves in is being conducted through the Municipal offices and Supervisors responsible. There is no crematorium that is owned or managed by the Municipality.

COMPONET E: ENVIRONMENTAL HEALTH

3.12. The functions of environmental health are that of the Xhariep District Municipality. The District has designated Environmental Health Practitioners to local municipalities for the functions of environmental health services.

WORLD FOOD DAY

World Food Day is annually celebrated on the 16th of October as per the National Health Awareness Calendar. In line with this, the Environmental Health Practitioner based at Zastron carried out a session focusing on education, awareness and training (EAT) on all aspects relating to the Principals of Good Food-, Safety- and Hygiene Management within the food sector. Although the education, awareness and training session was not in line with the purpose of the celebration, center focus was placed on the important role that food handlers play in the production, transportation, storage, food preparation (cooking) to the final consumption thereof by the consumer.

On the day all employees employed through the National School Nutrition Programme as funded by the Department of Education, as well as Food handlers employed by Early Childhood Development Centres attended the session which was hosted on the 5th of November 2014 at the Lerato Educare Centre, Zastron.

The focus of the presentation was on the importance of these key role-players in feeding thousands of children on a day and how critically important the careful implementation of food hygiene management principals are in their everyday operations. Of particular interest is the questions posed on the contents presented by slideshow and the spinoffs it will have in the future day-to-day operations of work by themselves.

On the day, a total of 29 full time NSNP and ECD Food-handlers and ECD Practitioners attended the session. Health education material in the form of posters, liquid hand sanitizers and pamphlets on sanitation was distributed among the attendees. The Annexure to the report depicts the attendees and the awareness session conducted.

HEALTH AND HYGIENE EDUCATION & AWARENESS TO FOOD HANDLERS EMPLOYED THROUGH THE NATIONAL SCHOOL NUTRITION PROGRAMME: ZASTRON

Environmental Health Practitioners are mandated to provide Health and Hygiene Education and Awareness to communities in an effort to implement the National Health Strategy. The objective thereof is to combat disease, prevent deaths that can be halted through the application of basic health and hygiene principals, ensure the avocation of Environmental Health Induced Diseases and ensure that communities are empowered with knowledge and for them to spread the message of prevention and control through guidelines provided.

The Environmental Health Unit included as part of its Service Delivery and Budget Implementation Plan (SDBIP 2014/2015) to promote Food Hygiene and the principals associated therewith to all Food Handlers operating businesses within the Xhariep District. On the 29th of October 2014, the Environmental Health Practitioner based at Zastron carried out a Health Education and Hygiene Awareness Campaign at all four (4) schools where there is a National School Nutrition Programme as funded by the Department of Basic Education. The primary focus of the H&H education and awareness was to bring to the attention of these individuals the following concepts and how to integrate these with the daily operations of the programme:

1. The importance of Water Treatment by boiling or the addition of Jik
2. The importance of Good Personal, Work and Environmental Hygiene
3. The importance of Personal Protective Clothing and Equipment

On the day, a total of seventeen (17) individuals were reached through the H&H education and awareness campaign. The EHP is set to conduct a fully fleshed workshop to all these individuals and those appointed at Early Childhood Development Centre's at Zastron. The said campaign will take place on Wednesday the 5th of November 2014

WARD 3: PUBLIC HEALTH AWARENESS CAMPAIGN WITH THE FOCUS ON PREVENTATIVE HEALTH CARE BY REACHING PEOPLE THROUGH

The Environmental Health Practitioner with the assistance of the Health Promotion Practitioner of the Free State Department of Health, based in Zastron have committed themselves to ensuring that community mobilization through effective communication will be the center focus of delivering information on preventative health care. Preventative health care in the context of the Primary Health Care System is pivotal in ensuring that the burden of diseases is reduced by ensuring that communities and residents are informed of diseases endemic in their areas of residence and how these can be prevented and controlled.

On the 21st of May 2015; mobilization of residents of an informal settlement of Zastron (*Bayipeng*) was at the center of the campaign. The reason for this was to ensure that these informal settlement dwellers are educated on the 'do's and don'ts' in the light that there is currently no basic services (water, sanitation, electricity and refuse removal) rendered to this settlement. This is a serious concern as the situation can result in the spread of environmentally induced communicable diseases and infections.

To this effect; the Matlakeng Clinic took it upon itself to ensure that toddlers from the ages of 0 to 5 years are immunized for diseases such as Polio, Measles, and Diphtheria and received Vitamin A drops and are dewormed. The focus of the EHP was to ensure that the communities who, while receiving the clinic services, are educated on the diseases which may arise from the use of an open veld for defecation, the use of water from untreated water sources as well as the importance of personal and environmental hygiene. The campaign was a success as many of the mothers and children from the area who congregated at the said mobile clinic

were educated and provided with information on preventative health care. A total of **38** adults received health and hygiene education and a total of **47** children were immunized. See Annex with pictures of the campaign.

The Environmental Health Office and the Free State Department of Health have a sector collaborative relationship, by which key performance areas such as the promotion of health, hygiene and environmental awareness are together worked on to achieve a uniform approach of attaining the objectives and related outcomes of the Xhariep District Health Plan. The Health Plan sets out clear Key Performance Areas and these are aligned and also reflective in the Xhariep District Municipality's *Service Delivery and Budget Implementation Plan*; under Environmental Health as a *Basic Service Delivery* mandate.

NUTRITION AND SAFE FOOD PREPARATION AS KEY BUILDING BLOCKS TO A HEALTHY COMMUNITY: FOOD HANDLERS CAMPAIGN

On Thursday the 4th of June 2015; a campaign driven in the interest of attaining the set number of campaigns under the KPA: *Health and Hygiene* was instituted by the Environmental Health Practitioner and the Health Promotion Practitioner of the Free State Department of Health. The programme of the day highlighted on the following areas:

1. The Importance of Good Nutrition for a Balanced Lifestyle
2. The Five Keys to Safer Food
3. The Importance of Good Hand Hygiene and the demonstration of the Hand-wash Procedure; and
4. The safety related requirements to be implemented by champions of the National School Nutrition Programme (NSNP) in terms of the requirements of the Regulation Governing the General Hygiene of Food Premises and the Transport of Food

The campaign was followed by a demonstration and a cooking exercise by the Health Promotion Practitioner to food handlers who prepare meals at either the Early Childhood Development Centre or at Schools that are NSNP Funded. The purpose of this demonstration was to educate and capacitate these individuals on 'how to cook food', to ensure that it still has its nutritious value by preventing overcooking. The campaign was attended by **44** individuals and was a success. The campaign was concluded on by serving all participants with a healthy and nutritious meal. The report is accompanied by an annex that depicts the cooking demonstration as well as the capacity building exercise.

MASSIVE CONDEMNATION OF FOODSTUFFS AT THE ZASTRON WHOLESALE AND THE IMPACT THIS HAS ON PUBLIC HEALTH IF NOT MONITORED AND CONTROLLED EFFECTIVELY

Zastron Wholesaler is one of the biggest food outlets in the Mmohokare Municipal Jurisdiction. This wholesaler serves to provide all other small to medium food premises with bulk stock and the community, who wish to purchase from them, items that can be used for day to day domestic purposes.

The Environmental Health Office has, since new ownership of the business from the previous owner, received several complaints from customers. The complaints are mainly about the sale

of meat and meat products that have expired, gone bad or as rumored, is washed by the owner and resealed in the original plastic containers for resale to the public.

On the 2nd and 3rd of February 2015, the Environmental Health Practitioner, accompanied by the Unit Manager: Zastron, carried out an operation where all cool rooms, freezers etc. were inspected to verify complaints received from the community. The inspection yielded that indeed the foodstuffs (mainly meat) is unsafe for numerous reasons. The products unsafe for human consumption was immediately seized by the Office and noted on a Condemnation Certificate and finally safely disposed of. The Operation ran for two concurrent dates as depicted in both Annexure A and B.

The owner of the business was immediately instructed to correct all non-compliances ranging from:

1. Fridges that were extremely dirty and was cleaned and disinfected on the day
2. That dusty shelves were cleaned and are to be cleaned more effectively
3. That there be a stock rotation roster to ensure the effective management of stock received, sold and that which is to be ordered and eventually properly stored and placed on shelves for selling purposes
4. The construction of a condemnation area, demarcated for the purpose for which has been designated
5. The cleaning and maintenance of the general outside environment of the business
6. That packing and stacking of foodstuffs in coolers and refrigerators be so done that it allows for the fridges to serve its purpose and not to overload these to the extent where adequate distribution and circulation of air be such that foodstuffs are eventually rendered as unsafe for sale and human consumption

The Department of Labour was also informed of Occupational Health and Safety non-conformances. The department has committed itself to render the services of an Occupational Health and Safety inspector to address non-compliance.

WATER HAS NO SUBSTITUTE' NATIONAL WATER WEEK CELEBRATIONS: NALEDI INTERMEDIATE SCHOOL, ROUXVILLE

The Outcomes approach is derived to ensure that government is focused on achieving the expected real improvements in the lives of all South Africans. It clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it. In terms of the list of outcomes, the Environment is listed as Outcome 10; such to ensure that environmental assets and natural resources are well protected and is continually enhanced.

In this regard, there are activities associated with the outcome which have to be implemented to ensure that the real life improvements in the lives of South Africans are felt. To ensure the implementation of the on 'the ground experience' of the outcome; The Environmental Health Unit of the Xhariep District Municipality strategically aligns its Programmes to that outlined in the Strategic Plans of Sector Departments such as the Environmental Affairs.

Service Delivery and Budget Implementation Plan: Environmental Health:

Improve service delivery to communities	No of Environmental Health Projects undertaken	Operational	Environmental Health Manager	15	3	7	There are District projects & programmes yearly planned activities and all the EHP'S plan individual programmes and projects depending on the needs of the local Municipality.
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In terms of ensuring that quarterly and annual targets in terms of the KPI of the Service Delivery and Budget Implementation Plan is achieved; the Environmental Health Practitioner implemented a programme in Rouxville on the 18th of March 2015. The programme was run with officials of the Free State Department of Health and the Department of Environmental Affairs. We together hosted the National Water Week Celebrations at Rouxville with learners of the Naledi Intermediate School. The Day saw the empowerment of learners on issues relating to the following crucial aspects:

1. Sustainable Water Resource Management
2. The Provisioning of Water Services to Communities
3. The Importance of a Clean Living Environment; and
4. A clean-Up Campaign of the local town and residential areas

The said event forms part of the Programme 1 of the Strategic Plan of the DEA: *Provide leadership, strategic centralized administration and executive support and corporate services; and facilitate effective cooperative governance, international relations, and environmental education and awareness.*

The event was a success as a total of **167** people were in attendance of the said event and it was followed by a Clean-Up Campaign of the local stream, the Main Entrance and the N6 as well as streets in close proximity to the school. Attached see as per Annexure images proof of the Environmental Education and Awareness, as well as the Clean-Up Campaign.

QUALITY OF WASTEWATER EFFLUENT DISCHARGED INTO THE RECEIVING ENVIRONMENT & WATER RESOURCES FOR THE XHARIEP DISTRICT

The Regulations Defining the Scope of Professions for Environmental Health dictates the roles and responsibilities of Environmental Health Practitioners appointed in terms of Section 80 of the National Health Act, 2003 (Act No. 61 of 2003) to be Health Officers. In the context of this scope of Professions, the Environmental Health Practitioners of this municipality undertakes its role to adherence to these regulations in the interest of protecting and enhancing the rendering of public health services, that in turn complies with Section 24 of the Constitution of the Republic of South Africa.

The Regulation expects of Environmental Health Practitioners to undertake and perform the \ Waste Management and General Hygiene Monitoring Functions; and to this effect, the EHPs monitor the quality of effluent discharged into the environment by Local Municipalities in their respective areas of service delivery. The application of all relevant legislation in monitoring compliance is key to hold these institutions accountable for non-compliance.

In this regard, reference is made to the Section 39 of the National Water Act which holds institutions accountable to only discharge sewage into the environment that complies with the General Limits pertained therein. The Xhariep District Municipality monitors this activity once quarterly by sampling wastewater effluent quality and measures compliance in terms of the authorized General Limits to which these institutions are to comply. On the 26th and 27th of March 2015, these samples were submitted to the IGS Laboratory and the following tables provide an overview of the compliance status per local municipality and comments per local municipality:

MOHOKARE LOCAL MUNICIPALITY

Determinant	General Limit Value	Plant (Town)	Outcome
Feecal coliforms	1000	ROUXVILLE	2
Feecal coliforms	1000	ZASTRON	0
Feecal Coliforms	1000	SMITHFIELD	0

Comment(s): Generally compliance exists for the Mohokare Local Municipality in terms of Revised General Authorizations of Section 39 of the National Water Act 1998 (Government Notice Number 665 of 23 September 2013).

Overall Compliance for *Feecal Coliforms* is good in terms of the Revised General Authorizations of Section 39 of the National Water Act. Local Municipalities of the Xhariep District all comply with the determinant that was monitored.

It is recommended that going forward an appropriate budget should be allocated to monitor all other determinants such as Ammonia, Nitrates, pH, Chemical Oxygen Demand, Chlorine as Free Chlorine etc. This will provide a broad overview of what factors are lacking in effective treatment of wastewater and what appropriate steps are taken by the municipality in ensuring that non-compliance is rectified.

CONTINUATION OF GREEN WORKS PROJECT

GREEN WORKS was a Service Provider appointed to run a project identified by the National CoGTA through department of Environmental Affairs to promote cleanliness through the campaigns within and around the residential areas particularly on the landfill and illegal dumping sites. In our case, the project came to during 2014.

New Service Provider named THOLOANA CONSULTING as they have been appointed to continue with the project starting from either the beginning of April or the start of May 2015

depending on procedures and processes to be concluded at National and Provincial CoGTA and will run the for a period of five (5) months until September 2015.

The appointment of staff or personnel to work on the project are the one`s appointed and worked under GREEN WORKS. There was a shortage of the staff as some of them has resigned and that matter was dealt with by both the Council of Mohokare Local Municipality through Human Resource section or anybody identified by the Council and THOLOANA CONSULTING.

**ROUXVILLE GUARD HOUSE SEMI: COMPLETED AND FINAL
RECOMMENDATIONS FOR IT TO BE FULLY OPERATIONAL AND PROPER
LANDFILL MANAGEMENT TO BE UNDERTAKEN**

Within the first or six months in this year, the Municipality had several inspections on and consultations on the Rouxville Guard House that was made by the Environmental Health Practitioner and the Landfill Site Attendant for monitoring progress and some issues that goes with the building after the completion were noted and amongst them, the following have been mentioned.

The monitoring and control of the disposal on the landfill, recording of the waste types for reporting purposes, Continuous inspection and provision of the security on the premise and the immediate use of the facility for both compliance and adherence to Municipal Health and Safety standards

The Management of Xhariep District Municipality is also hereby formally informed that the construction of these Guard Houses shall take effect soon at Smithfield Landfill Site with the view taken from the images (see Rouxville guardhouse) as annexed herein.



COMPONENT F: HEALTH (Clinics, Ambulance services, and Health inspection; food and Abattoir licensing and inspection etc.)

3.14. This function is not done by the Municipality but by the Provincial Department of Health

COMPONENT G: SECURITY AND SAFETY

3.15 TRAFFIC LAW ENFORCEMENT

The Municipality is one of the few if not all Municipalities, that provides traffic law enforcement, safety and security for the benefit of both the Community and the entire Country through National route and other roads that passes in between and around towns that constitutes its composition. We only have a function of Traffic Law enforcement and the functions of Police Services are at a Provincial level.

Within it, the traffic division is dedicated with the responsibility for assurance of safety on the roads, related disaster, fires, the hazmats and the livelihood of the Community through the Legislative prescripts, Regulations and the Acts that guides both the Country and the Municipality.

Name of Town	Number of accident/s attended
Rouxville/Roleleathunya	Twenty eight (28)
Smithfield/Mofulatshepe	Twenty two (22)
Zastron/Matlakeng	None
Total no. of road accidents reported and attended;	Fifty (50)

Rand value of issued fines;

Name of Towns versus fines			Total amount
Smithfield	Rouxville	Zastron	
R172,800	R81,950	-	R254,750
R14,000	R1,000	0	R15,000
R42,300	R1,550	0	R42,300
R76,900	R5,800	0	R82,700
R33, 700	R39, 400	R1,600	R116, 200
R28,500	R 13,000		
R32,200	R23,600	R11,100	R66,900

R31,400	R59,900	R5,300	R96,600
R195,450	R5,100	R0	R195,450
R25,000	R9,100	R0	R34,100
R14,600	R13,600	R0	R28,200
Total amount of issued fines			R932, 200.00

The value of fines issued is not necessarily the money into the Municipal bank account. Some fines are been withdrawn or struck of the roll due to defaulters not appearing or paying. In some instances, they have died, are from outside the Country, technical errors and maybe within the jurisdiction of the Provincial department or during joint operations including the representation submissions.

Employees: Traffic					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 -3					0%
4 -6	1	1	1	0	0%
7 -9					25%
10 -12	2	5	2	3	53%
13 -15	1	1	1	0	40%
16 -18					48%
19 -20					40%
Total	4	7	4	3	41%

	COMMUNITY SERVICES			POLICE, TRAFFIC & STREET PARKING		
	BUDGET 2013/14	ACTUAL 2013/14	Variance 2013/14	BUDGET 2014/15	ACTUAL 2014/15	Variance 2014/15
REVENUE						
Revenue from Non-exchange Transactions	0	0	0%	0	0	0%
Property Rates	-	-	0%	-	-	0%
Property Rates - Penalties imposed and collection charges	-	-	0%	-	-	0%
Fines	-	-	0%	-	-	0%
Licences and Permits	-	-	0%	-	-	0%
Income for Agency Services	-	-	0%	-	-	0%
Government Grants and Subsidies Received	-	-	0%	-	-	0%
Public Contributions and Donations	-	-	0%	-	-	0%
Revenue from Exchange Transactions	(1,226,440)	(1,358,675)	111%	(3,674,505)	(265,750)	7%
Service Charges	-	-	0%	-	-	0%
Rental of Facilities and Equipment	-	-	0%	-	-	0%
Interest Earned - External Investments	-	-	0%	-	-	0%
Interest Earned - Outstanding Debtors	-	-	0%	-	-	0%
Dividends Received	-	-	0%	-	-	0%
Royalties Received	-	-	0%	-	-	0%
Other Revenue	(1,226,440)	(1,358,675)	111%	(3,674,505)	(265,750)	7%
Other Gains on Continued Operations	-	-	0%	-	-	0%
Gains on Disposal of Property, Plant and Equipment	-	-	0%	-	-	0%
Profit on Sale of Land -	-	-	0%	-	-	0%
Sale of Land	-	-	0%	-	-	0%
Cost of Sales	-	-	0%	-	-	0%
Total Revenue	(1,226,440)	(1,358,675)	111%	(3,674,505)	(265,750)	7%
EXPENDITURE						
Employee Related Costs	1,051,010	1,096,855	104%	1,150,436	1,163,618	101%
Remuneration of Councillors	-	-	0%	-	-	0%
Collection Costs	-	-	0%	-	-	0%
Depreciation and Amortisation	-	-	0%	-	-	0%
Impairment Losses	-	-	0%	-	-	0%
Repairs and Maintenance	35,000	-	0%	37,087	18,100	49%
Finance Costs	-	-	0%	-	-	0%
Bulk Purchases	-	-	0%	-	-	0%
Contracted Services	-	-	0%	-	-	0%
Grants and Subsidies Paid	-	-	0%	-	-	0%
Research and Development Costs	-	-	0%	-	-	0%
General Expenses	209,821	185,209	88%	413,031	67,162	16%
Other Losses on Continued Operations	-	-	0%	-	-	0%
Loss on Disposal of Property, Plant and Equipment	-	-	0%	-	-	0%
Total Expenditure	1,295,831	1,282,064	99%	1,600,554	1,248,880	78%

3.15 FIRE AND DISASTER MANAGEMENT

The municipality does not have a fire department that constitute of municipal employees responsible for fire only. In case of fire, the municipality uses a team of general workers under Community services department (Commonage unit) and is assisted by a private owned company (Working on Fire).

Disaster Management is a District Municipality Function. The District has designated an Officer to assist the municipality with the services.

During the aforementioned financial year, more than ten (10) hectares of agricultural land was affected by the fires in both private and public owned land.

The National Treasury released funds for the relief to Commercial farmers whilst at the Commonages nothing much or no damage was done to livestock. Household affected was assisted through Ward offices and the municipal offices.

COMPONENT H: SPORT AND RECREATION

3.16 OTHER (Disaster Management, Animal Licensing and Control, Control of Public Nuisances and Other)

MUNICIPAL LIVESTOCK

Mohokare Local Municipality is one of the few Municipalities, if any that operates or running agricultural activity as one of its core mandate. In doing that, it has cattle's, horses and the bucks that administratively managed by one of its departments.

The below, is presented to reflect the current numbers livestock per their type:

Date	Balance	Increase / Decrease	Reason / Decrease / Increase	Breakdown of balance									
				Total No.	Cattle's			Total No.	Horses			Total No.	Grand Total No.
					Bulls	Cows	Calves		Stallions	Mares	Calves		
30/06/15	66	1	New born calves	67	1	37	20	67	3	5	1	9	67

COMPONENT H: SPORT AND RECREATION

3.17 Sport and Recreation

The department of sports and facilities is tasked with the responsibility to ascertain sports development through facilitating the programmes within the Municipal area of jurisdiction.

Amongst their role and responsibilities, they assist with management of sports facilities and support to local and municipal sports initiatives.

To date, the Municipality has upgraded Matlakeng Sports ground and the project is complete. Mofulatshepe Sports Ground is still in the process of being upgraded.

Apart from the above, there is an ongoing repairs and maintenance on the existing infrastructure. Reference is made to Roleleathunya Sports ground. To add on the list, Roleleathunya Sports and Recreation hall, has recently been fenced with devil fork fencing and same project is anticipate to roll in the coming financial year in other facilities and Council buildings.

Employees: SPORTS FACILITIES					
JobLevel	2013/2014	2014/2015			
	Employees	Posts	Employees	Vacancies(fulltime equivalents)	Vacancies(asa%oftotalposts)
	No.	No.	No.	No.	%
0 -3					
4 -6	1	1	0	1	0%
7 -9	0	0	0	0	0
10-12	0	0	0	0	0
13-15	0	0	0	0	0
16-18	0	0	0	0	0
19-20	0	0	0	0	0
Total					

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.18 – FINANCIAL SERVICES

The Chief Financial Officer is the Head of department, supported by two managers i.e. the Revenue Manager and Acting Senior Manager and five accountants.

Income section

The indigent policy was reviewed and changed to be in line with the National Treasury's guideline stating that consumers must receive 6lk of free water.

All the consumer accounts were evaluated and a list of bad debts to be written off and it was approved by Council.

Expenditure section

We compiled in house GRAP compliant Annual Financial Statements.

The municipality also compiled a fully GRAP compliant assets register.

All budget related policies were reviewed during the 2014/2015 financial year.

Key Challenges Facing the Municipality Mohokare Local Municipality's economy is very weak with only agricultural activities as its main economic activities and experiencing a high unemployment rate. The above factors place a large task on the Municipality:

- To develop a coherent local economic development strategy to create job opportunities.
- To ensure sustainability of the Municipality through sound administration and financial management.
- Deepening participatory democracy and good governance.
- To enhance effective service delivery to the community.

In the current year the annual financial statements were prepared in compliance with the GRAP accounting framework. The basis of accounting is consistent with prior years with the exception that no exemptions were issued by National Treasury for the current year.

There were no capital projects budgeted for the financial services department during the financial year as per the IDP. All capital projects were for the Technical department.

Debt Recovery							
Details of the types of account raised and recovered	Year 2014		Year 2015			Year 2016	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	5,848,955	4,562,212	6,515,489	3,882,660	60%	7,101,883	82%
Electricity	19,244,693	Pre Paid	22,364,274	Pre Paid		24,377,059	100%
Water	9,195,720	1,393,190	12,403,075	1,734,254	14%	13,519,352	19%
Sanitation	5,735,948	1,800,449	8,012,459	2,063,709	26%	8,733,580	35%
Refuse	3,605,214	887,105	5,204,577	1,037,256	20%	5,672,989	27%
Other	1,915,292	1,296,867	2,416,256	952,460	39%	2,633,719	54%
<i>It is expected that the collection rate would increase by 20% for 2016</i>							T 3.25.2

Employees: Finance Department					
JobLevel	2013/2014	2014/2015			
	Employees	Posts	Employees	Vacancies(fulltime equivalents)	Vacancies(asa%oftotalposts)
	No.	No.	No.	No.	%
0 -3					0%
4 -6	20	26	20	6	0%
7 -9	5	5	5	0	25%
10-12	10	14	10	4	53%
13-15	1	1	1	0	40%
16-18	1	1	0	1	48%
19-20	1	1	1	0	40%
Total	38	48	37	11	41%

Financial Performance : Financial Services					
Details	Year -2014	Year 2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	69,112,270	-58,453,517	29,913,028	63,804,089	192%
Expenditure:					
Employees	6,097,861	1,328,166	6,276,301	6,537,518	80%
Repairs and Maintenance	42,042	5,833,806	38,250	0	n/a
Other	35,974,119	-92,643	17,927,581	36,449,013	100%
Total Operational Expenditure	42,114,023	7,069,329	24,242,132	42,986,531	84%
Net Operational Expenditure	-26,998,248	65,522,846	-5,670,896	-20,817,558	415%
<i>The bulk of bad debts provision was allocated to this account. This accounts for R18.3 million of the deficit. A further provision for arrears of R3.4 mil is included.</i>					T 3.25.5

3.19 HUMAN RESOURCES SERVICES

For the financial year 2014/2015 the organization focused on ensuring effective management of available human resources and attraction of competent work force. Human Resources Management Policies were developed and approved by council in May 2014 for the 2014/2015 financial year, in order to ensure proper governance of the workforce. Senior Management Teams were trained on developed policies in order to familiarise the team with the policies and road shows for employees were also held. Filling of vacant position was also placed at the centre of service delivery with the aim of capacitating these offices to deliver on their political mandate.

- Human Resources Management is focused on the following core support services:
- Effective Human Resources Development
- Promoting Safe and Healthy working environment (Compliance with the Occupational Health and Safety Act)
- Promoting the Wellbeing of all Employees (Implement the Employee Wellness Program)
- Recruitment and Selection
- Institutional Leave Management

Employees: HUMAN RESOURCES					
JobLevel	2013/2014	2014/2015			
	Employees	Posts	Employees	Vacancies(fulltime equivalents)	Vacancies(asa%oftotalposts)
	No.	No.	No.	No.	%
0 -3					0%
4 -6	0	2	0	2	0%
7 -9					25%
10-12	3	3	3	0	53%
13-15	1	1	1	0	40%
16-18					48%
19-20					40%
Total	4	6	4	2	41%

3.20 INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SERVICES

IT systems are critical to the maintenance of the Financial Systems that are used by the municipality. IT systems range from tangible systems such as physical servers, server room peripherals, computer workstations, and the network infrastructure as cabling, switches and routers.

After much assessment the following projects were identified by the IT Unit to empower the IT environment.

INFORMATION TECHNOLOGY PROJECTS

Employees: INFORMATION TECHNOLOGY					
JobLevel	2013/2014	2014/2015			
	Employees	Posts	Employees	Vacancies(fulltime equivalents)	Vacancies(asa%oftotalposts)
	No.	No.	No.	No.	%
0 -3					0%
4 -6					0%
7 -9					25%
10-12	2	2	2	0	53%
13-15	1	1	1	0	40%
16-18					48%
19-20					40%
Total	3	3	3	0	41%

Financial Performance : Electricity Services					
Details	Year -2014	Year 2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20,039,105	-24,945,664	39,185,902	22,364,274	212%
Expenditure:					
Employees	758,090	-2,637,584	634,555	528,415	599%
Repairs and Maintenance	383,269	-14,054,015	990,875	884,450	1689%
Other	49,655,613	-10,464,867	29,536,736	49,402,241	121%
Total Operational Expenditure	50,796,972	-27,156,466	31,162,166	50,815,106	153%
Net Operational Expenditure	30,757,868	-2,210,802	-8,023,736	28,450,832	108%
Service is delivered at a deficit of R28.4 million. The bulk purchases amounted to R23.6 Mil compared to sales of R22.3 mil. Also included is depreciation of R24.5 mil.					T 3.3.7

Capital Expenditure Year 2014/15: ICT Services					
					R'000
Capital Projects	2014/2015				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Data Center/Server Room Rebuild	63,000	88018	181615.64	65%	181615.64
New Server Installation	225,000	314349	364329.77	38%	314329.77
Procurement of new computers	141,223.50	197304	176250.00	20%	176250.00
Procurement of software	63,000	88018	107334.42	41%	107334.42
Network Infrastructure Refresh	55,800	77959	236033.35	76%	236033.35

3.21 PROPERTY SERVICES

PROPERTY

REPAIRS AND MAINTENANCE ON COUNCIL PROPERTIES

The aforementioned division (Human Settlements), is again responsible for management of all Municipal properties. The Municipality has houses, offices and buildings or facilities erected for the purpose of running the crèches.

There are other buildings like Chalets and Caravan Park in Zastron that the Municipality is currently exploring other means to generate revenue in the future.

COMPONENT J MISCELLANEOUS

The components that are of Airports, abattoirs, Municipal courts and Forestry are not the competency of the Mphahlele Local Municipality

COMPONENT K

ORGANISATIONAL PERFORMANCE SCORECARD

ANNUAL PERFORMANCE REPORT FOR THE 2014/2015 FINANCIAL YEAR COUNCIL SCORECARD

KPA 2	Public participation							
Strategic objective (SO6)	Participate in Mohokare							
Objectives	Key Performance Indicator(s)	Baseline information (13/14)	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Ensuring 100% compliance to legislature for Council operations	1 Ordinary Council meeting per quarter	4 ordinary Council meetings held in 2013/14	4 ordinary council meetings	Target Achieved 4 ordinary council meetings held	N/A	N/A	Notice and attendance registers	A1
To develop a municipal governance system that complies with	72 Monthly ward committee meetings held	3 monthly ward committee meetings held per ward	72 monthly committee ward meetings	Not achieved 24 committee meetings were held	Due to other commitments of the political principals	Letters were written to Councillors highlighting noncompliance and the	Letters were written to Councillors	A2

KPA 2	Public participation							
Strategic objective (SO6)	Participate in Mohokare							
Objectives	Key Performance Indicator(s)	Baseline information (13/14)	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
international standards						importance of holding meetings		
	General monthly ward meetings held	4 quarterly general ward meetings held per ward	24 quarterly general ward meetings per year	Not Achieved 22 general ward meetings were held in a year	Due to other commitments of the political principals	Letters were written to Councillors highlighting non compliance and importance of holding meetings –	Attendance registers	A3
	Public participation plan in place and implemented	No plan in place	Developed one public participation plan in place	Target Achieved Public participation plan	N/A	N/A	Approved public participation plan	A5

KPA 2	Public participation							
Strategic objective (SO6)	Participate in Mohokare							
Objectives	Key Performance Indicator(s)	Baseline information (13/14)	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
		2013/2014 Mayoral Imbizo programme		approved				
	5 Public participation plan implemented		5 Public participation plans implemented	Target Achieved 5 public participation plans implemented	N/A	N/A	Invitation, minutes and attendance register	A6
	Implemented Mayoral Imbizo program bi-annually		3 Mayoral Imbizos held by June 2015	Achieved 3 Mayoral Imbizo`s held			Attendance registers	A7

KPA 2	Public participation							
Strategic objective (SO6)	Participate in Mohokare							
Objectives	Key Performance Indicator(s)	Baseline information (13/14)	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	8 Special programmes implemented	2013/2014 year plan/programmes	8 Special programmes implemented	Not achieved 3 programmes implemented	Financial constraints of the municipality	Adherence to the budgeted plans	Reports with attachments	A8
	Developed and approved Youth development year plan	2013/2014 year plan/programmes	2014/2015 approved year plans by June 2015	Achieved Youth development plan approved	N/A	N/A	Budget programmes, minutes budget steering committee and council resolution	A9
	6 Youth development programmes held by June 2015	-	3 Youth development programmes held by June 2015	Not achieved 2 programmes implemented	Financial constraints of the municipality	Adherence to the budgeted plans	Programme plan and report	A10

KPA 2	Public participation							
Strategic objective (SO6)	Participate in Mohokare							
Objectives	Key Performance Indicator(s)	Baseline information (13/14)	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	4 Agri-Forum meetings	4 Agri forum meetings held	4 Agri-Forum meetings	Target Achieved 4Agri Forum meetings held	N/A	N/A	Notice and attendance registers	A11
	Publication of ordinary council meeting schedule by March 2015	Published Schedule	Publicized annual schedule of ordinary Council meetings	Achieved Annual schedule published	N/A	N/A	Council Schedule	A12

OFFICE OF THE MUNICIPAL MANAGER

LOCAL ECONOMIC AND DEVELOPMENT

KPA 5	Local Economic Development							
IDP Strategic objective (SO2)	Local Economic Development							
Objectives	Key Performance Indicators	Baseline information (2013/2014)	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To create and facilitate an enabling environment for economic development in Mohokare	Developed Local Economic Development Strategy, inclusive of;	No LED strategy in place	Developed LED strategy inclusive of key economic drivers included	Target Achieved	N/A	N/A	Copy of LED Strategy and Council resolution	B1
	Developed and approved Agricultural Strategy	No agricultural strategy	Developed and approved Agricultural Strategy by May 2015	Target Achieved	N/A	N/A	Copy of LED Strategy and Council resolution	B2

HUMAN RESOURCES

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To increase by 80% the operations and departmental controls of Human Resources by June 2015	1 HRD strategy developed and reviewed annually	HRD strategy adopted in May 2014	Reviewed HRD strategy	Target achieved.	N/A	N/A	Copy of HRD Strategy Council Resolution	C1
	Council Adopted Human Resource Policies	Existing Policies adopted in 2012	7 Human Resources Policies developed and approved by March 2015.	Target achieved	N/A	N/A	Copies of the HR policies Council Resolution	C2

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Organogram Review	Annually reviewed Organogram to meet service delivery needs	2013/2014 Organogram	Reviewed Organogram 30 September 2014.	Target achieved	N/A	N/A	Copy of Organogram Council resolution	C3
Leave Management on VIP system	Effective leave management with accurate leave provision reporting	Leave Balances by 30 June 2014	Accurate leave balances tallying with VIP and Leave forms	Target achieved	N/A	N//A	Leave provision report(Quarterly)	C4
Employee Wellness interventions	Development of Employee Wellness Program	No strategy in place	Development Employee Wellness Programs by 15 December 2014	Target achieved	N/A	N/A	Wellness Intervention Report(Quarterly)	C5

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
100% filled vacant sec 57 posts	100% filled vacant sec 57 posts	1 vacant position (Community services)	Filled section 57 position	Not Achieved	Municipal Financial constraints.	Anticipation of an improved municipal financial status will enable us to fill the critical vacant post.	No POE attached	-

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Meeting held communicate municipal IDP objectives and community inputs and ISO within the department	Promote Communication	-	4 IDP and ISO meeting held	Not achieved 2 departmental meetings held	Departmental work load that required urgent attendance And attending to Auditor General audit findings.	Commitment to the quarterly meeting	Attendance registers HR Policies and Procedures Checklist	C6
Meeting held to communicate Top layer and Operational SDBIP within the department		-	4 meeting Quarterly	Not Achieved 3quarterly	Departmental work load that required urgent attendance And attending to Auditor General audit findings.	Commitment to the quarterly meeting	Minutes Attendance registers	C7
Number of departmental meetings held	Promote planning and performance management	12	12	Not Achieved 7 departmental	Departmental work load that required urgent	Commitment to the quarterly meeting	Minutes Attendance registers	C8

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Number of quarterly performance reports with POEs submitted		4	4	meetings held	attendance And attending to Auditor General audit findings.	Commitment to the quarterly meeting	Quarterly reports and POEs.	C9
Number of formal employee performance assessment and feedback session conducted and submitted		- New KPI	4 assessments	Not Achieved No assessment was conducted.			No POE attached	

PERFORMANCE MANAGEMENT SYSTEMS

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
100% monitoring and evaluation of the municipality's Performance	Adopted PMS Policy reviewed annually	Approved PMS policy Framework	Reviewed PMS policy framework by Council by August 2014.	Target Achieved	N/A	N/A	Council resolution on the adoption of the PMS Policy	D1
To implement Performance Management	Assess and monitor performance of three (3)	Two (2) formal reviews of performance management for	Two (2) formal reviews of performance management for	Not achieved	Audit Committee is not functional	Municipality is to advertised and appoi	Assessme nt results and	D2

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
System with realistic target setting in each department	Section 56 managers quarterly	Section 54A and 56 managers bi-annually during the 2013/2015 financial year.	Section 54A and 56 managers bi-annually	One (1) formal review was conducted for section 54A and 56	in terms of section 166 of the MFMA.	nt its own Audit Committee members	minutes.	
	Evaluated Performance appraisals for employees below sec 57 Managers	New KPI	Evaluated Performance appraisals for employees below sec 57 Managers by May 2015	Not achieved Only Corporate Services evaluated the Manager	Managemen ts commitmen ts	Manageme nt to ensure that performan ce assessment for managers is conducted on a	Assessme nt Report	D3

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
						quarterly basis		
To implement Performance Management System with realistic target setting in each department	SDBIP adjusted by February 2015	2013/2014 adjusted SDBIP	Reviewed SDBIP by February 2015	Target Achieved	N/A	N/A	Reviewed 2014/2015 SDBIP	D4
Ensuring 100% compliance to MFMA, MSA and	Developed, Monitored and Evaluated Organizational Laws and		Developed an Organizational Laws and Regulations Calendar	Target Achieved	N/A	N/A	Reviewed compliance checklist	D5

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Circular 63 & 32	Regulations Calendar by September 2014		ndar					

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Meeting held communicate municipal IDP objectives and community inputs and ISO within the department	Promote Communication	-	4 IDP and ISO meeting held	Not achieved 3 IDP and ISO meetings held	Preparation of the SDBIP , AR and attendance of classes	Pre-preparation of the Department schedule for meetings to be held.	Minutes and attendance registers	D6
Meeting held to communicate Top layer and Operational SDBIP		-	4 meeting Quarterly	Not achieved 3 quarterly meetings	Preparation of the SDBIP , AR and attendance of classes	Pre-preparation of the Department schedule for meetings to	Minutes and attendance registers	D7

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
within the department				were held		be held.		
Number of departmental meetings held	Promote planning and performance management	12	12	Not achieved 9 department meetings were held	Preparation of the SDBIP , AR and attendance of classes	Pre-preparation of the Department schedule for meetings to be held.	Minutes and attendance registers	D8

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Number of formal employee performance assessment and feedback session conducted and submitted		- New KPI	4 assessments	Not achieved	Management Commitment	Management to ensure that performance assessment for managers is conducted on a quarterly basis.	No POE attached	-

INFORMATION TECHNOLOGY

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Ensure 100% development of the ICT strategy	Implemented ICT strategy	2014/2015 adopted ICT strategy	Reviewed ICT strategy in place by June 2015	Not achieved ICT strategy was developed	The ICT strategy could be submitted to Council	To be submitted in the next Council meeting	ICT Strategy	E1
	Developed server room infrastructure	2002 Server, 2002 UPS	100% developed server room infrastructure by June 2015	Target achieved	N/A	N/A	Physical verification of the Server room Pictures	E2
	Developed network infrastructure	2004 network switches	100% developed network infrastructure by June 2015	Target achieved	N/A	N/A	Physical verification of the Server room Pictures	E3

Ensure 100% implementation of the Policy	Developed ICT Policy	2013/2014 ICT Policy						
			Develop 6 (Network, Email, Password, Internet, Software and ICT security) 2014/2015 ICT Policy by June 2015	Develop 6 (Network, Email, Password, Internet, Software and ICT security) 2014/2015 ICT Policy by June 2015	Not achieved All (5) five policies were developed except the Email policy:	Email policy was developed however not submitted and presented to Council.	Council resolution on the adoption of ICT policies" All (5) five policies were developed except the Email policy: (Network, Password, Internet, Software and ICT security policy) "	E4

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Meeting held communicate municipal IDP objectives and community inputs and ISO within the department	Promote Communication	-	4 IDP and ISO meeting held	Not achieved 3 IDP d ISO Meetings were held	Commitment of attending external workshops	4 IDP and ISO meetings quarterly.	Minutes and attendance registers	E5
Meeting held to communicate Top layer and Operational SDBIP within the department		-	4 meeting Quarterly	Not achieved 3 Quarterly meetings were held	Commitment of attending external workshops	4 Meetings to be held quarterly.	Minutes and attendance registers	E6
Number of departmental meetings held	Promote planning and performance management	12	12	Not achieved	Commitment of attending external	4 IDP and ISO meetings to be held	Minutes and attendance	E7

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
					workshops	quarterly.	registers	
Number of quarterly performance reports with POEs submitted		4	4	Target Achieved	N/A	N/A	SDBIP quarterly reports	-
Number of formal employee performance assessment and feedback session conducted and submitted		- New KPI	4 assessments	Not achieved			No POE	-

INTERNAL AUDIT

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Maintaining the Unqualified Audit Opinion	Design and implementation of Audit Action Plan as derived from AGSA findings raised	Qualification audit opinion 12/13	Designed and implemented Audit Action Plan as derived from AGSA findings raised	Target Achieved	N/A	N/A	Audit Action Plan	F1

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Maintaining the Unqualified Audit Opinion	Review and submit the Audit Charter to AC for approval by June 2015	Adopted Audit Charter by Audit Committee	Reviewed and adopted Audit Charter by Audit Committee by September 2014	Not achieved The Audit Committee is not functional in terms of S166 of the MFMA	The Audit Charter was prepared and submitted to the two members of the Audit Committee within the prescribed time frame. The Audit Committee is however not functional in terms of S166 of the MFMA	Ensure that the Audit Charter is approved as soon as the new members to the Audit Committee are appointed.	Attached Copy of Audit Charter not adopted	F2

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
					and therefore the Audit Charter could not be adopted by the Audit Committee			

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	Review and submit the Audit plan to the AC	Adopted Audit plan by the Audit Committee by June 2015	Reviewed and adopted Audit Plan by Audit Committee September 2014	Not achieved The Audit Committee is not functional in terms of S166 of the MFMA	The Audit Plan was prepared and submitted to the two members of the Audit Committee within the prescribed time frame. The Audit Committee is however not functional in terms of S166 of the MFMA and	Ensure that the Audit Plan is approved as soon as the new members to the Audit Committee are appointed.	Attached Copy of Audit Plan not adopted	F3

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
					therefore the Audit Charter could not be adopted by the and Audit Committee			

RISK MANAGEMENT

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To evaluate the effectiveness of Risk management, control and governance processes and develop actions to address key risks identified	Risk Strategy Framework & Policy	Mitigation of risk within the institution	Risk strategy Framework & Policy adoption and approval	Target achieved Risk Strategy adopted by Risk Management Committee	N/A	N/A	Adopted Risk strategy Framework & Policy	G1
	Review and submit Risk Charter to RC & AC by June 2015	Approved Risk Charter	Reviewed and approved Risk Charter	Target achieved Risk Charter adopted by Risk Management Committee The Audit Committee is not functional in terms of	N/A	N/A	Risk Charter adopted by Risk Management Committee	G2

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
				S166 of the MFMA				
To evaluate the effectiveness of Risk management, control and governance processes and develop actions to address key risks identified	Identified and mitigated risks on the SDBIP and Operational Risk per Department	Mitigation of risk within the institution	Identified and mitigated risks on the SDBIP and Operational Risk for all (5) Departments by June 2015: (1) Corporate Services (2) Technical Services (3) Community Services (4) Finance	Not achieved Only Expenditure and Payroll divisions were not monitored	Both division are not included in the Risk Register	To be included in the new Risk Register 2015/16	Risk monitoring report	G3

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
			Services (5) Office of the MM					
			4Quarterly reports to management, RC and AC	Not achieved Only two (2) quarterly reports have been submitted to RMC			Risk assessment report to RMC	G4

TOWN PLANNING

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Compliance to Land use management	Surveying, Subdivision, rezoning of parks for residential purposes, Erf 1174 Roleleathunya, Erf 366 Smithfield	Number of erven created		Not achieved 1174 and 366 were earmarked for subdivision into portions for allocation to disabled individuals	Financial constraints and no further communication from the DBSA to indicate interest	A council decision was taken to sell the properties due to non-communication from the DBSA no longer viable and can be taken out	Report of Community Services that went to Council	H1
Compliance to Land use management	Development of hawker sites and taxi rank Zastron	Erven identified for development	New taxi rank: Adherence to the by-law in terms of hawker, peddlars by June 2015	Target Achieved	N/A	N/A	Submission of proposed outlay to develop taxi rank and hawker stalls	H2

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Compliant Special Development Framework	Reviewed and adopted SDF by May 2015	2013/2014 SDF	Reviewed and adopted SDF	Not achieved Due to various engagements and other responsibilities by Cogta with SPLUMA	Cogta busy with SPLUMA	After SPLUMA implementation	Letter from Cogta	H3
Compliance to SLUMA	4 SPLUMA Forum quarterly meetings reports	4 reports	4 SPLUMA Forum quarterly meetings reports	Achieved	N/A	N/A	SPLUMA technical report	H4

INTEGRATED DEVELOPMENT PLANNING

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To implement a ranking and rating system for all new capital projects to support the strategic objectives and priorities of Council and Community	Reviewed and approved IDP by May 2015	Approved 2013/2014 IDP	Reviewed and approved IDP	Achieved	N/A	N/A	Council resolution on the approved 2015/2016 IDP	I1

TECHNICAL SERVICES

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Expenditure on grants	100 % expenditure on the RBIG Grant R35 000 000.00	100% Expenditure by end of March 2014	100% Expenditure by end of March 2015	Not achieved – Actual achievement 86.3% R30 221 097	Late appointment of contractor on the Rouxville project due to contractual procedures that needed to be followed before termination. Inclement weather (rainfall)	Appointment of a new contractor. A revised program of works was drafted to make up for lost rain days	Termination letter of the previous contractor and appointment letter of the new contractor	J1

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	100 % expenditure on the MIG Grant R17 400 000	100% Expenditure by end of June 2014	100% Expenditure by end of June 2015	Target not Achieved – Actual achievement R16 582 582.61 95.3%	The municipal expenditure target for the current financial year was not met due to cash flow challenges of the municipality.	Adherence to the condition of the Municipal Infrastructure Grant.	DORA Monthly Report	J2
	100 % expenditure on the MWIG Grant R 3 310 045.00	100% Expenditure by end of March 2014	100% Expenditure by end of March 2015	Target achieved – Actual Achievement R3 310 045 100%	N/A	N/A	Letter of concern written by the municipality to the department (DWS)	J3
Sustainable supply of good quality	Provision of bulk water supply to	Completion of the water treatment	Completion of the Water Treatment	Not achieved – 85 % on construction	Disagreements between the	Dispute resolution processes	Copy of the dispute procedure	J4

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
drinking water for Mohokare residents	Rouxville	plant and the 4.8 km rising main	works by June 2015	progress achieved	Consultant and the contractor with regard to quantities	were followed as per the service level agreement / contract	from the contract document, minutes of meetings held and an attendance register Technical Site meeting minutes 19 March 2015	
		Construction of a 27 km raw water pipe line from Orange river to Paisely dam by 30 June 2015.	Advertise and appoint a contractor for partial works on the 27 km pipeline by 30 June 2015.	Target Achieved Tender advert closing date was on the 05 th of May 2015 and appointment letter to Ruwaccon (PTY) LTD on the 28 th of May 2015.	N / A	N / A	Advert and Appointment letter for a Contractor	J5
	Provision of	Design and	Completion	Not Achieved –	Labour	Meeting	Site	J6

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	bulk water supply to households in Zastron	tender for the 15 km raw water pipeline from Montagu dam to WTP	and commissioning of the 15 km raw water pipeline by 30 June 2015	90% progress	unrest, /inclement weather conditions and delays on delivery of pipes	were held with the labours, revised programme of works. Due payments were made to the contractor	Minutes of the progress meeting dated the 22 June 2015	
	(10792 households with access to portable water, on or above RDP level	Zastron -876 Ml	876 Ml	Target Achieved Actual achievement 897mega litres	The over achievement is due to a higher demand	N / A	Water balance report Registers from the Water Treatment Plant	J7
		Rouxville - 427.05 Ml	427.05 Ml	Target Achieved Actual achievement 456Mega litres	Over achievement is due to a higher demand	N / A	Water balance report	

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Sustainable supply of good quality drinking water for Mohokare residents		Smithfield - 558.5 MI	558.5 MI	Target not achieved 554.05 mega litres	Shortage of raw water abstracted.	Annual target to be revised to be in with the dam water level.	Water balance report	
	100% achievement on Blue drop by June 2014	77.04% level of blue water achievement 2013/14	100% Blue drop level achievement	Not achieved - 0%	Assessments were not conducted by DWS this year	Align Municipal targets with departmental targets	Confirmation by the department (DWS)	J8
	Three (3) water awareness campaigns conducted by 30 June 2015.	One (1) done in Smithfield	3 campaigns conducted - 1 per town by 30 June 2015.	Not achieved - Actual (2) achievement is two Campaigns were held in the following towns: Rouxville Zastron	The programmes were to be done under MWIG funding however the implementing agent (Bloem Water) did not co-operate	The Municipality wrote a letter to DWS, and further highlighted its concerns on the meetings	Attendances register for the one campaign. Copy of a letter sent to DWS and Bloem Water	J9

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Dam Safety	Implementation of the dam safety recommendations	A dam safety report was compiled for Kloof, Montagu and Smithfield dam	Full implementation of the recommendations Clearing of trees from the dam, cleaning and clearing of the emergency spill-way. Cleaning of the silt material from the dam. Attend the identified cracks on the crest.	Not achieved	Budget constrains	Schedule for 2015/2016 due to budget	No POE attached	

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Provision of dignified sanitation and environmental friendly waste water services	Eradication of 777 buckets in Rouxville by 31 December 2014.	Projects has been committed to be done under the Rapid Bucket Removal program(RBR P)	Eradication of 777 buckets in Rouxville by December 2014	Not achieved – excavation for internal networks done 101 toilet structures were eradicated	Delays of the project due to funding issues from the funding agents. Late payment of service providers. Incliment weather conditions	Concerns were raised with Babereki, and Bloemwater as implementing agents.	Minutes of the meeting and attendance register dated 30 July 2014.	J10
	Eradication of + 54 buckets in Smithfield	Projects has been committed to be done under the Rapid Bucket Removal program(RBR P)	Eradication of + 54 buckets in Smithfield	Target achieved 54 buckets in Smithfield	N / A	N / A	Happy letters Confirmation by consultant	J11

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	Eradication of +30 buckets in Zastron	Projects has been committed to be done under the Rapid Bucket Removal program(RBRP)	Eradication of + 30 buckets in Zastron	Not achieved Only connections were done 0 buckets eradicated	All the toilets were connected however there is still challenges with the main sewage line as a results some households are still utilising buckets	Concerns were raised with Babereki and Bloem Water	Technical site meeting minutes dated 21 October 2014.	J12
	% of Green drop compliance status	% level of Green drop achievement 2013/2014	100% green drop level achievement	Not achieved 0% green drop achievement	The Department did not conduct assessment on the current financial year	Target to be review based on Department confirmation on next financial year	Confirmation by the department (DWS)	J13

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Provision of trafficable roads and well maintained storm water channels	Zastron: Construction of 2.9 km access road in Matlakeng by June 2015	50% progress on the construction works	Completion and handover of the access road in Matlakeng by June 2015	Target Achieved Completion certificate was issued on the 5 th of March 2015.	N / A	N / A	Completion certificate	J14
	Grading and re-gravelling of Municipal roads by June 2015	The Municipality can only perform at a rate of 50 meters a day due to lack of machinery	13.2 km of graded and gravelled road by June 2015	Not achieved Only 4.6 km was graded and gravelled	Only Achieved 4.6 km then Grader and front end loader went for repairs	both machines were sent for repairs	Quotation	J15
	Refilling of pot-holes on the Municipal tar roads by June 2015	Refilling of 76 m ² of potholes in Zastron	Refilling a total of 140 m ² of potholes in all three towns by June 2015	Not achieved 65 m ²	Work could not be done due to inclement weather (asphalt material could not be	The programme is scheduled to resume as winter season ends	Management Reports	J16

KPA 1	Basic Services Delivery and Infrastructure Development							
Strategic objective (SO4)	Deliver quality services in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
					used in cold weather)			
	Smithfield: Installation of 14 high mast lights in Greenfield and Somido Park (MIG)	Projects is currently on the planning phase and yet to be registered	Installation and commissioning of 14 high mast lights by June 2015	Target Achieved Installation of High Mast Lights in Smithfield/Somido park	N / A	N / A	Completion certificate dated 11 May 2015.	J17

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Meeting held communicate municipal IDP objectives and community inputs and ISO within the department	Promote Communication	-	4 IDP and ISO meeting held	Not Achieved 2 meetings were held	N/A	N/A	Attendance register	J17
Meeting held to communicate Top layer and Operational SDBIP within the department		-	4 meeting Quarterly	Not achieved 2 meetings were held	There was only one SDBIP document which was not aligned to the smart principle	The new SDBIP has been drafted based on the smart principle	No POE attached	-

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Number of departmental meetings held	Promote planning and performance management	12	12	Not achieved 6 meetings were held	More than 12 meetings were held however the attendance registers file was lost	Security on the building has been improved by installation of CCTV cameras	Police file	J18
Number of quarterly performance reports with POEs submitted		4	4	Target Achieved	N/A	N/A	PMS Reports	-

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Number of formal employee performance assessment and feedback session conducted and submitted		- New KPI	4 assessments	Not achieved	Managements commitments	Assessments for all line for all line Managers has been scheduled for August 2015	No POE attached	-

FINANCE DEPARTMENT

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
100% compliance to MFMA Regulations	Development of a compliant municipal budget	Compliant budget 2012/2013	Table the annual compliant budget 2014/2015 to council by May 2015	Target Achieved	N/A	N/A	Council resolution on approved budget and related policies	K1
	Developed adjustment budget	Adjustment budget 2014/2015	Adjustment budget 2014/2015 by 28 February 2015	Target Achieved	N/A	N/A	Council resolution on adoption of adjustment budget	K2

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	The review of related municipal budget policies by June 2015		The review of related municipal budget policies by March 2015: 1. Indigent policy 2. Rates policy 3. Credit Control Policy 4. Tariff policy 5. Debt write-off policy 6. Budget policy	Target Achieved	N/A	N/A	Council resolution on approved budget and related policies	K3
	Submission of section 71 reports to Treasury	12 MFMA Section 71 financial reports	12 MFMA Section 71 financial reports	Target Achieved	N/A	N/A	Section 71 Reports	K4
	12 increase in revenue by June 2015	10% increase in revenue	12 increase in revenue by June 2015	Not Achieved	Credit control and debt collection policy was not fully	Adherence to the reviewed 2015/2016 Credit control and	Payment statistics per month	K5

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
					implemented due to installation of water meters and restrictors	debt collection policies		
Implementation of the credit control policy.	Implementation of the credit control policy by:		Implementation of the credit control policy.	Not Achieved 90%	Awaiting Centlec for electricity meter info	1. Installation of metres still in progress 2. Continuous engagement with Centlec	No POE Attached	-
	1. Installation of water restrictors 2. Implementing of 30% leverage electricity							
To develop a one year cash flow projections	Developed 1 year cash flow projections	Only (1) year cash flow management plan in place	Developed 1 year cash flow projections by June 2015 for the next financial year.	Target Achieved	N/A	N/A	Cash flow forecast	K6

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To review a GRAP 17 compliant assets register	Updated assets register	Draft assets management register in place	Final assets register in place by June 2015	Target Achieved	N/A	N/A	Final assets register	K7
	Reviewed assets management policy by June 2015	Asset management policy in place	Review of the asset management policy by June 2015	Target Achieved	N/A	N/A	Council resolution on approved budget and related policies	K8
To put in place and manage financial controls	Reviewed supply chain policy by June 2015	SCM policy reviewed	Reviewed SCM policy by June 2015	Target Achieved	N/A	N/A	Council resolution on approved budget and related policies	K9
	Updated and monitored supplier database register	Supplier Database Register	Update the supplier data base register on an annual basis	Target Achieved	N/A	N/A	Advert and updated supplier database	K10

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	4 reports submitted to Section 79 Committee		4 Reports for awards above R100 000.00 submitted Council via Section 79 Committee.	Target not achieved Only two (2) reports were submitted to Section 79 Committee.	Reports were not submitted to Council via Section 79	The Department will ensure that submissions are done on a quarterly basis even in instances where awards above R100 000 were made.	Monthly reporting of SCM for awards above R100-000	K11
Implemented MFMA Internship program	5 MFMA Treasury appointed interns	5 interns appointed	Appoint 5 MFMA treasury interns	Target Achieved	N/A	N/A	Contract of employment for all 5 interns appointed.	K12

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Development and implementation of the Municipal financial management plan	Developed Financial Management Plan	No municipal financial management plan	Developed municipal financial management plan by June 2015	Target not achieved, no proof showing that the financial management plan is attached in IDP	The financial Plan is found within the IDP		2014/2015 financial management plan	K13
Compilation of compliant Annual Financial Statements for 12/13	AFS submitted to AG and Council	Compiled municipal AFS for 13/14	Compiled compliant municipal AFS	Target Achieved	N/A	N/A	Proof of submission	K14
Unqualified audit opinion by June 2015	% of audit queries received and resolved. 2013-14 Financial Year	No of audit queries received and resolved for 2012-13	100% of audit queries received and resolved for 2013-14	Not achieved 90%achieved	Year- end procedures	Issues to be resolved by end of August	No POE Attached	-

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Meeting held communicate municipal IDP objectives and community inputs and ISO within the department	Promote Communication	-	4 IDP and ISO meeting held	Target not Achieved Only two (2) meetings held to communicate ISO	N/A	N/A	Minutes and attendance registers	K5
Meeting held to communicate Top layer and Operational SDBIP within the department		-	4 meeting Quarterly	Target not Achieved	N/A	N/A	No POE attached	
Number of departmental meetings held	Promote planning and performance management	12	12	Target not Achieved Nine (9)			Minutes and attendance register	K6

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Achieved/ or Not	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
				departmental meetings held				
Number of quarterly performance reports with POEs submitted		4	4	Target Achieved	N/A	N/A	SDBIP quarterly report and POEs	
Number of formal employee performance assessment and feedback session conducted and submitted		- New KPI	4 assessments	Not Achieved An assessment was only done for the Revenue manager	Due to the preparation of the AFS, the Finance Department could not commit themselves	Assessments will be conducted after the submission of the AFS.	No POE attached	

CORPORATE SERVICES

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To ensure 100% promotion in the employee capacity building	Submitted work place skills plan for 2014/2015 to LGSETA	WSP approved and submitted to LG SETA by 30 April 2014	Submitted work place skills plan for 2014/2015 to LGSETA by 30 April 2014	Target Achieved	N/A	N/A	Acknowledgement of receipt from LGSETA and copy of WSP	L1
	9 training programmes implemented annually		9 training programmes implemented annually	Target Achieved 12 training programmes implemented	N/A	N/A	Reports and attachments (Q2)	L2

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To ensure 100% good working relations with management and labour forums	12 LLFs notices are distributed to ensure sitting of meetings	12 LLFs notices are distributed to ensure sitting of meetings	12 LLFs notices are distributed to ensure sitting of meetings	Not Achieved 9 LLF notices distributed to ensure sitting of meetings	Due to the process of electing new trade union representatives in the first quarter	Notice of meeting distributed monthly	Notices	L3
	Submission of Employment Equity report to the Dept. of Labour by 15 th January 2015	The compliance deadline is manually 01 October annually/ Electronically on 15 January annually.	Submission of the EE Report by Jan 15 th 2015	Target Achieved EE report submitted to Department of Labour	N/A	N/A	EE Report (q3)	L4

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Annual review of the Delegation system	Review of the municipalities delegation system by May 2015	Delegation system reviewed by May 2014	100% reviewed and implemented Delegation system by May 2015	Target Achieved Delegation system reviewed and adopted	N/A	N/A	Council resolution on the adoption of the delegation policy	L5
Community satisfaction survey conducted	Community satisfaction survey conducted per town (3 surveys)	No community satisfaction survey conducted	1 community satisfaction survey conducted per town by June 2015	Target Achieved 1 community survey conducted per town	N/A	N/A	Report and community satisfaction survey forms	L6
100% promotion of communication channels and public	Communications Policy finalized and adopted by March 2015	Policy adopted as draft by Council in 2012	Policy adopted as final by March 2015	Target Achieved Communication policy adopted by	N/A	N/A	Council resolution on the adoption of the Commu	L7

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
participation				Council			nication Policy	
	2 articles bi-annually	-	2 articles Issued bi- annually	Not Achieved One article published	The newsletter scheduled for second quarter due published in the fourth quarter and the first quarter newsletter was not	The newsletter to be published in line with the schedule in the new financial year	(1) One newsletter	L8

KPA 3	Good governance and Administration							
Strategic objective (SO4)	Good governance in Mohokare							
Objectives	Key Performance Indicator	Baseline information	Annual target	Actual achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
					published as a result of the municipalities financial constraints			

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Actual Achievements	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Meeting held to communicate municipal IDP objectives and community inputs and ISO within the department	Promote Communication	-	4 IDP and ISO meeting held	Achieved 4 ISO meetings held and 3 IDP meetings held	N/A	N/A	Minutes and attendance registers	L9
Meeting held to communicate Top layer and Operational SDBIP within the department		-	4 meeting Quarterly	Achieved 4 meetings held	N/A	N/A	Minutes and attendance registers	L10
Number of departmental meetings held	Promote planning and performance management	12	12	Not Achieved 10 meetings were held	Due to other commitments of the departmental	Meeting scheduled to be adhered to, and	Minutes and attendance registers	L11

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Actual Achievements	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
					staff members	meetings to proceed even with a minimum number of staff members		
Number of quarterly performance reports with POEs submitted		4	4	Achieved 4 performance reports submitted	N/A	N/A	SDBIP quarterly reports	L12
Number of formal employee performance assessment and feedback session conducted and submitted		- New KPI	4 assessments	One assessment in the second quarter on administration employees	The assessments were on a trial basis, the final approved assessments in line with the PMS policy were to resume in the fourth term	Approved assessments were conducted in July 2015.	Assessment form	L13

COMMUNITY SERVICES

KPA 6 Environmental management								
Strategic objective (SO5) Keep Mohokare safe and clean (AND Community services)								
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To provide basis services to informal settlements that comply with the minimum standards	Monitored informal settlements in Smithfield (54 sites) by June 2015	54 sites in Smithfield	Monitored informal settlements in Smithfield (54 sites) by June 2015	Target Achieved	N/A	N/A	Rapid Assessment Report (HDA) Quarterly Management Report	M1
	Monitored informal settlements in Rouxville (27 sites) by June 2015	27 sites in Rouxville	Monitored informal settlements in Rouxville (27 sites) by June 2015	Target Achieved	N/A	N/A	Rapid Assessment Report (HDA) Quarterly Management Report	

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	Monitored illegal occupation on Municipal land in Zastron by June 2015	63 (sixty three) recorded Respondents illegally occupied land in Zastron	Monitored illegal occupation on Municipal land in Zastron by June 2015	Target Achieved	None	N/A	Rapid Assessment Report (HDA) Quarterly Management Report	
	Evicted 63 (sixty three) illegal occupants on Municipal land in Zastron) by June 2015	New KPI	Evicted 63 (sixty three) illegal occupants on Municipal land in Zastron) by June 2015	Not achieved On-going communication between Municipality and Webbers Attorneys	The case is pending in office of the Magistrate	Await the ruling of the court.	Proof of Communication with WEBBERS Attorneys.	M2

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	Eight (8) Housing disputes resolved by end of June 2015.	The disputes are not been attended.	Report on resolved housing disputes.	Not achieved Only four (4) were resolved.	Other disputes have been re-scheduled due to none attendance of disputes to September and December 2015 due to some of them working outside the Municipality.	The meeting have been re-scheduled to September and December 2015 to meet family needs.	Minutes and attendance register	M3

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
To ensure the development of a desirable and quality leaving environment that fosters safety and welfare of the community concerned, preserves the natural and cultural environment and does not impact negatively	291 (two hundred and ninety one) applications for title deeds submitted in Zastron by end of June 2015.	The verification programme is currently under progress.	291 (two hundred and ninety one) applications for title deeds submitted by June 2015	Not achieved Only two hundred (200) Applications have been submitted.	Provincial department of Human Settlements allocated only two hundred applications.	The list of outstanding applications has been prepared for submission for next financial year.	List of Applicants already submitted.	M4
	Completion of low cost housing subsidy scheme	Incomplete or incorrect data on government low cost housing subsidy scheme	Completed 400 low cost housing scheme	Not achieved. Three hundred and ninety eight (398) has been built to completion.	The Contractor abandoned the site.	The Contractor came back to continue with outstanding housing units to be completed between July and September 2015.	Project status report.	M5

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
on existing rights	Reviewed Municipal Human Settlements Sector Plan by June 2015.	New KPI	Reviewed Municipal Human Settlements Sector Plan in place by June 2015	Target Achieved Council approved on the 28 th of May 2015	N/A	N/A	Copy of the plan and Council resolution.	M6
	Number of households provided with refuse removal in Smithfield per week	6799 (62%) households receive refuse collection from the municipality	10793 households receiving refuse removal from the municipality	Target Achieved. Actual achievement 2663 households provided with refuse removal	N/A	N/A	Refuse Removal reports from Manager Community Services.	M7

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
	Number of households provided with refuse removal in Rouxville per week			Not Achieved. Actual achievement 2052 households provided with refuse removal	The Unit Manager did not have the correct template, measurement and the exact number of households serviced on monthly basis.	The templates were developed and implemented from January to June 2015 to enable us to measure the work against the households.	Refuse removal reports from Community Services.	
To keep mohokare safe and clean (And Community services)	Reviewed Municipal IWMP by June 2015.	Municipal IWMP in place	Reviewed Municipal IWMP in place by June 2015	Target Achieved Council approved plan on the 28 th of May 2015.	N/A	N/A	Copy of a Policy and Council resolution.	M8
To provide an integrated waste management service for the total	Four (4) Implemented IWMP Programmes by June 2015	New KPI	Four (4) Implemented IWMP Programmes by June 2015	Not Achieved. Actual achievement is two programmes were	The Municipality has mechanical challenges especially	Embarked on programmes with District on environmental awareness.	Reports and pictures of the programmes	M9

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
municipal area				implemented by 30 June 2015.	with its TLB and front end loader tractor.			
Keep mohokare safe and clean (And Community services)	Draft EM Plan developed and submitted to Council for adoption by May 2015	-	Draft EM Plan developed and submitted to Council by June 2015	Not Achieved. The Plan of the District was received for revision by the Municipality.	The Municipality does have the capacity to review the Plan and invited District did to assist the Municipality in developing the Plan.	Plan to be done through Provincial assistance during the before end of March 2016.	Xhariep District Municipality Plan	M10

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Keep Mohokare safe and clean (And Community services)	Established s safety forums for CPFs by July 2014	-	Establish 1 per CPFs per town: Zastron Rouxville Smithfield	Not achieved. 0 CPFs were established for Mohokare Local Municipality.	We requested the CPF's Chairperson to send out invitations to both Office of the Mayor and that of the MM. in order to attend the meeting	The consultative meetings with the Community Policing Forum's has been dedicated to the Special Programmes Officer and the Public Participation Officer within the Mayor's office as they meet liaise with Stakeholders and Communities frequently.	No POE	-

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Keep Mohokare safe and clean (And Community services)	Established Clinic Committee by July 2014(Re-establishment)		Establish 1 clinic committee per town: Zastron Rouxville Smithfield	Target not Achieved 1 committee established for Smithfield.	The municipality was seldom invited to Clinic committees meetings	Public participation and special programmes officer to be assigned to attend the meetings.	Clinic Committee members list for Smithfield have been attached,	M11
Operations and maintenance of municipal land and properties	Reviewed Commonage Management Policy by June 2015	Adopted policy 2013/2014	Reviewed Commonage Management Policy by June 2015	Target Achieved	N/A	N/A	Copy of a Policy and Council resolution.	M12
Keep Mohokare safe and clean	Develop and implemented greening campaign by June 2014	Developed and implemented greening campaigns by June 2013.	Develop and implemented greening campaign by June 2015: 1.National Arbor Day	Target Achieved	N/A	N/A	Management Report	M13

KPA 6	Environmental management							
Strategic objective (SO5)	Keep Mohokare safe and clean (AND Community services)							
Objectives	Key Performance Indicator(s)	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Keep Mohokare Safe and Clean	Implemented 4 Extended Public Works Programmes by June 2015 : 1.Working parks 2.Working on Cemeteries 3.Working on Landfill sites 4.Cleaning and greening	Implemented Extended Public Works Programmes by June 2014	Implemented 4 Extended Public Works Programmes by June 2015 : 1.Working parks 2.Working on Cemeteries 3.Working on Landfill sites 4.Cleaning and greening	Not achieved. Only Rouxville did submit the report for first quarter that is inadequate with information.	No measurable and planned reports were submitted.	Unit Managers and EPWP Champion instructed to develop templates that will reflect proper work plans on work to be done per programmes to be approved.	EPWP Programme EPWP Business plan Policy is the AG.	-

National KPA	Municipal Development and Transformation							
IDP KPA	Good Governance in Mohokare							
Key performance indicator	Objective	Baseline information	Annual target	Actual Achievement	Reason for deviation	Corrective measures to be taken	POE	REFERENCE
Meeting held communicate municipal IDP objectives and community inputs and ISO within the department	Promote Communication	-	4 IDP and ISO meeting held	Not Achieved. Only two quarterly meetings were held).	Postponement of meetings due to other work commitments	A schedule for meeting will be developed for implementation in order to be aligned with Management and Council activities.	Attendance registers of meetings held.	M14
Meeting held to communicate Top layer and Operational SDBIP within the department		-	4 meeting Quarterly	Not Achieved. Only two quarterly meetings were held).	Postponement of meetings due to other work commitments	A schedule for meeting has been developed for implementation in order to be aligned with Management and Council activities.	Attendance registers of meetings held.	M15

Number of departmental meetings held	Promote planning and performance management	12	12	Not Achieved. Only two quarterly meetings were held).	Postponement of meetings due to other work commitments	A schedule for meeting has been developed for implementation in order to be aligned with Management and Council activities.	Attendance registers of meetings held.	M16
Number of quarterly performance reports with POEs submitted		4	4	Target Achieved			SDBIP quarterly report	
Number of formal employee performance assessment and feedback session conducted and submitted		- New KPI	4 assessments	Not Achieved.	Municipal performance plans was never completely attended to have complete plans.	The Plans still to be completed in new financial year	No POE attached	

CHAPTER 4

Organizational Development Performance (Performance Report part II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Recruitment processes are fair, effective, efficient because vacancies are advertised, inviting suitable candidates to apply, a master list is compiled and then a shortlist is compiled after identifying suitable candidates who meet the minimum requirements.

4.1 Employee Totals, Turnover and Vacancies

The Municipality manages the workforce guided by legislation and relevant policies and procedures promulgated through the South African constitution, matters of workplace policies that protect the workforce, policies that protect the interest of the employer, policies that manage the employer / employee relations and interaction, the respect of unions in the workplace and processes of bargaining at relevant structures are all taken into consideration by the Municipality

EMPLOYEES					
Description	2013/14	Ending 30 th June 2015			
	Number of Employees	Number of Posts	Number of Employees	Vacancies	% Variance
Water	54	47	40	7	2.1
Sanitation	47	70	49	21	30
Electricity	3	4	1	3	50
Roads & Storm-water	22	25	19	6	24
Technical Services (exc the above)	9	12	8	4	33.3
Refuse Collection	61	44	33	11	15.9
Human Settlement	3	4	4	0	25
Traffic Safety & Management	4	7	4	3	42.9
Community Services (exc Refuse, Human Settlement & Traffic)	38	50	35	15	18.9
Planning (IDP/Town Planner/PMS)	4	5	4	1	20
Local Economic Development	2	3	1	2	66.7
Office of the MM (exc Planning & LED)	3	27	19	16	48.1
Finance	26	46	36	10	14.9
Corporate Services	28	34	26	8	22.6
TOTALS	304	378	274	104	22.4

Vacancy Rate: 30 June 2015			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist)	*Vacancies (as a proportion of total posts in each category)
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	3	1	33.33
Other S57 Managers (Finance posts)	0	0	0.00
Police officers	0	0	0.00
Fire fighters	0	0	0.00
Senior management: Levels 13-15 (excluding Finance Posts)	18	2	11.1
Senior management: Levels 13-15 (Finance posts)	3	2	66.6
Highly skilled supervision: levels 9-12 (excluding Finance	43	11	25.8
Highly skilled supervision: levels 9-12 (Finance posts)	17	4	23
Total	86	21	204.23

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
2012/2013	71	2	2.8%
2013/2014	13	19	146%
2014/2015	14	19	157.%
<p>The vacancy of Director Community Services has been vacant as from 2011 financial year, and due the financial constraints, the municipality is unable to fill the post as required by legislation. As a result the Premier's Office has seconded Mr D Marais to assist in heading the Department.</p> <p>All section 54A and 56 managers' posts are currently filled.</p>			

COMPONNET B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

Corporate Services facilitated the development of different municipal policies as to address the backlog on those policies not in place. The following policies exist within the Municipality:

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
1	Human Resource and Development	100%	Annually	28-May-15
2	Leave	100%	Annually	28-May-15
3	Occupational Health and Safety	100%	Annually	28-May-15
4	Organizational Rights			
5	Performance Management and Development			
6	Recruitment, Selection and Appointments	100%	Annually	28-May-15
7	Remuneration Scales and Allowances	None		Outstanding
8	Skills Development Policy	100%	Annually	04-Dec-15
9	Placement policy	100%	Annually	26-Aug-11
10	Organizational Design Policy	100%	Annually	28-May-15
11	Employment policy	100%	Annually	28-May-15
12	Relocation Policy	100%	Annually	28-May-15
13	Legal Aid Policy	100%	Annually	04-Dec-12
14	Employee benefits Policy	100%	Annually	04-Dec-12
15	Smoking in the workplace policy	100%	Annually	04-Dec-12
16	Working hours policy	100%	Annually	04-Dec-12
17	Labour Relations, Employment Equity and Harassment Policy	100%	Annually	28-May-15
18	Retention Policy	100%	Annually	04Dec-12
19	Notch progression Policy	100%		04-Oct-13
20	Core Records Management policy	100%	When necessary	28-May-15
21	Guidelines on Civic Funerals	100%		21-Apr-10
22	Communication Policy and Strategy	100%		28-May-15
23	Public Participation Policy	100%		28-May-15
24	Language Policy	100%	When necessary	04-Dec-14

The following plans (strategies) exist within the municipality or were developed and adopted during the year under audit:

1. Organizational Structure
2. Declaration of Interest
3. Access to Information Act, PAIA Manual (Act No. 2 of 2000)
4. Collective Agreement on Conditions of Service
5. Collective Agreement on Disciplinary Procedure
6. Main Collective Agreement
7. Delegation of Powers
8. Code of Ethics
9. Workplace Skills Plan
10. Employment Equity Plan
11. HIV Aids Wellness Plan
12. Human Resource Management & Development Strategy

4.3. INJURIES,SUSPENSIONS AND DISMISSALS

4.3.1. Injuries

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Take Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0

4.3.2. Suspensions

Position	Nature of Alleged misconduct	Date of suspension	Details of Disciplinary action taken/ status of case	Date Finalized
General worker	Theft/Illegal possession of municipal property	10 September 2014	Dismissal	03 April 2015

4.3.3. Dismissals

Position	Nature of Alleged misconduct	Date the alleged offence was committed	Details of Disciplinary action taken/Status of case	Date Finalized
General Worker	Abscondment	24 February 2014	Dismissal	21 August 2014
Admin Officer	Bringing municipality into disrepute	20 March 2014	Dismissal	15 September 2014
General Worker	Abscondment	25 September 2014	Dismissal	24 October 2014
Debtors' Clerk	Disrupting operations of the employer	04 April 2014	Dismissal	04 November 2014
General Worker	Theft/illegal possession of municipal property	24 August 2014	Dismissal	03 April 2015

4.3.4. Cases of financial misconduct

There were no cases of financial misconduct during the financial year of 2014/2015.

4.4 PERFORMANCE REWARDS

All Managers (or Acting Managers) appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. The Individual Performance Management System has been cascaded down to the second reporting line of managers. Currently no performance bonus system or policy exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

No performance bonus was paid to Section 54A and 56 managers during the 2014/2015 financial year.

COMPONENT C

CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employee s in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learner ships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual 30 Jun	Actual : 30 June 2015	30 June 201	Actual 30 Jun	Actual : 30 June 2015	30 June 201	Actual 30 Jun	Actual : 30 June 2015	30 June 201	Actual 30 Jun	Actual : 30 June 2015	30 June 201
MM and s7	Female	1	1	1	1	0	0	0	0	0	1	1	1	1
	Male	3	1	1	2	0	0	0	0	0	1	1	1	1
Councillors, senior officials and	Female	10	0	0	8	2	7	7	3	3	3	5	10	9
	Male	14	0	2	10	0	7	9	5	3	3	5	12	14
Technicians and associate professional	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	3	1	1	3	0	0	1	1	1	3
Professionals	Female	1	0	0	1	0	0	1	0	0	1	0	0	1
	Male	0	0	0	0	0	0	0	0	0	0	0	0	1
Sub total	Female	12	0	2	9	2	7	8	0	3	5	6	11	11
	Male	20	0	2	14	1	8	12	0	3	5	7	14	18
Total		64	2	4	23	3	15	20	8	6	10	13	25	29

Skills Development Budget and expenditure

	2013/14	2014/15
Budget	R400 000.00	R400 000.00
Actual expenditure	R36 239.30	R189 710.00
Over/ under expenditure	Under	Under

The above table shows that for the year under review the municipality only spent 56% of its Skills Development budget. This is an improvement from the over expenditure of the previous year, however considering that a lot of officials still have skills gap, it is recommended that 100% of the skills budget be spend

Chapter 6 AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

The annual financial statements and annual report (inclusive of the performance report) were submitted to the Auditor-General of South Africa (AGSA) on 31 August 2015. The AGSA commenced with the annual audit during August 2015 and completed the audit in December 2015. The management and audit reports were issued at an event organized by the AGSA attended by our Mayor, the Municipal Manager and Chief Financial Officer during December 2015.

AUDITOR GENERAL REPORT YEAR -1 PREVIOUS YEAR

Mohokare Local municipality had a qualified opinion with other matters from the Auditor-General of South Africa.

***REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE
LEGISLATURE AND THE COUNCIL ON THE MOHOKARE LOCAL
MUNICIPALITY***

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Mohokare Local Municipality set out on pages ... to ... , which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and budget statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South Africa Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence in respect of other receivables stated at R17 797 303 (2013: R18 308 584) and the value of the impairment for other receivables stated at R17 632 076 (2013: R17 962 593) in note 3 to the financial statements. In addition, I was unable to confirm service debtors with a value of R1 814 890 as disclosed in note 3 to the financial statements. This was because the records of the municipality were not sufficient to support these disclosures. I was unable to confirm these balances by alternative means. Consequently, I was unable to determine whether any adjustment was necessary in respect of other receivables.
7. In addition to the matter reported in paragraph 6, due to the misclassification of debtors per customer classification, as disclosed in note 3.2 to the financial statements, national and provincial government receivables were overstated and household receivables understated by R18 097 330. Additionally, there was a resultant impact on the deficit for the period and the accumulated surplus as well as a consequential impact on the cash flow statement.

Service charges

8. I was unable to obtain sufficient appropriate audit evidence in respect of revenue from the sale of water, as meter readings taken during the year were inaccurate and incomplete. I was unable to confirm revenue from water sales by alternative means. Consequently, I was unable to determine whether any adjustment was necessary relating to revenue from water sales stated at R9 877 534 (2013: R7 496 769) in note 20 to the financial statements.

Irregular expenditure

9. I was unable to obtain sufficient appropriate audit evidence that management had identified, investigated and recorded all instances of irregular expenditure for the current and prior year, as controls over the system were ineffective. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R130 196 434 (2013: R129 258 580) in note

40.3 to the financial statements.

Fruitless and wasteful expenditure

10. I was unable to obtain sufficient appropriate audit evidence that management had identified, investigated and recorded all instances of fruitless and wasteful expenditure for the current and prior year, as the controls over the system were ineffective. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to fruitless and wasteful expenditure stated at R6 829 242 (2013: R4 947 535) in note 40.2 to the financial statements.

Qualified opinion

11. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Mohokare Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

13. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Material losses

14. As disclosed in note 32.1 to the financial statements, material losses of R7 287 849 (2013: R9 223 183) were incurred as a result of electricity and water distribution losses, and R15 691 377 (2013: R12 333 732) as a result of the write-off of irrecoverable debtors.

Material impairments

15. As disclosed in note 3 to the financial statements, receivables from exchange transactions were impaired by R79 167 080 (2013: R70 845 752); and as disclosed in note 4 to the financial statements, receivables from non-exchange transactions were impaired by R6 980 116 (2013: R6 275 779).

Unauthorised expenditure

16. As disclosed in note 40.1 to the financial statements, the municipality incurred unauthorised expenditure of R27 617 260

(2013: R41 481 969) during the year under review, due to the overspending of the municipal budget.

Going concern

17. As disclosed in note 52 to the financial statements, the municipality's cash management was under pressure due to an amount of R2 000 000 of unspent municipal infrastructure grants that had been withheld from the equitable share of the municipality as well as the poor collection rate of receivables.

Additional matter

18. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

19. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

20. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

21. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2014:
 - KPA 1: Basic service delivery and infrastructure development on pages x to x
22. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
23. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing

programme performance information (FMPPI).

24. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. The material findings in respect of the selected development priority are as follows:

KPA 1: Basic service delivery and infrastructure

development Usefulness of reported

performance information

26. Section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 24% of the reported objectives and indicators and 40% of the targets were not consistent with those in the approved IDP. This was due to the municipality not having sufficiently developed policies and processes to guide the process of performance reporting as well as capacity constraints brought about by a lack of skilled and experienced persons in its performance management department.
27. Section 41(c) of the MSA requires actual achievements against all planned indicators and targets to be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 34% of all planned objectives, indicators and targets specified in the IDP for the year under review. This was due to a lack of information systems to record and document actual achievements against targets. Management, the audit committee and the internal audit unit also provided limited review of the completeness of the reported information.
28. The FMPPI requires the following:
 - Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 57% of the targets were not specific.
 - Performance targets must be measurable. I could not measure the required performance for 57% of the targets.
 - The period or deadline for delivery of targets must be specified. A total of 84% of the targets were not time bound.
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 52% of the indicators were not

well defined.

- Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 91% of the indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPI, due to a lack of proper systems and processes, technical indicator descriptions as well as sufficient skills and experience in its performance management department.

Reliability of reported performance information

29. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the absence of information systems and the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information. The auditee's records did not permit the application of alternative audit procedures.

Additional matter

30. I draw attention to the following matter:
Achievement of **planned** targets
31. Refer to the annual performance report on pages **x to x and x to x** for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in paragraphs 26 to 29 of this report.

Compliance with legislation

32. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

33. The municipality did not conduct its affairs in a manner consistent with its IDP, as required by section 36 of the MSA, section 21(2)(a) of

the MFMA and municipal planning and performance management regulation 6.

34. Although reviewed annually, the IDP was not reviewed based on an assessment of the municipality's performance measurements, as required by section 34 of the MSA and municipal planning and performance management regulations 3 and 11.
35. The municipality did not establish a performance management system, as required by section 38(a) of the MSA.
36. Performance targets for the financial year with regard to each of the development priorities and key performance indicators set in the IDP were not measurable, as required by section 41(1){b) of the MSA and municipal planning and performance management regulation 12(1) and 12(2)(c).
37. The annual performance report for the year under review did not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1){b) and (c) of the MSA.

Budgets

38. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements, performance report and annual report

39. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Some material misstatements of non-current assets, current assets, current liabilities and expenditure identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Audit committee

40. The audit committee was not constituted in the manner required by section 166(4)(a) of the MFMA. One member of the audit committee resigned during the year and another member's contract was not renewed. This resulted in the audit committee not having the required minimum of three members. The latest audit committee member position became vacant in March 2014.
41. The audit committee did not advise the council on matters relating to internal financial control, accounting policies, effective governance, performance management and performance evaluation, as required by section 166(2){a) of the MFMA.
42. The audit committee did not review the annual financial statements to

provide the council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness, and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.

43. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by municipal planning and performance management regulation 14(4)(a)(i).
44. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
45. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
46. The audit committee did not respond to the council on the issues raised in the audit reports of the auditor-general, as required by section 166(2)(c) of the MFMA.

Internal audit

47. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Human resource management and compensation

48. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury, as required by minimum competency levels regulation 14(2)(a).
49. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies, as required by minimum competency levels regulation 14(2)(b).

Procurement and contract management

50. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value above R200 000 had been procured by means of inviting competitive bids, as required by supply chain management (SCM) regulation 19(a).
51. Sufficient appropriate audit evidence could not be obtained that bid specifications had been drafted by bid specification committees composed of one or more officials of the municipality, as required by SCM regulation 27(3).
52. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding had been advertised for the required minimum period, as required by SCM regulation 22(1).

and 22(2).

53. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB regulation 18.

Expenditure management

54. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
55. Reasonable steps were not taken to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Conditional grants

1. The municipality did not evaluate its performance in respect of programmes or functions funded by allocations of the municipal systems improvement grant and the local government financial management grant, as required by section 12(5) of DoRA.

Revenue management

2. The credit-control and debt-collection policy of the council was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA.
3. An adequate management, accounting and information system was not in place to account for revenue, debtors and the receipt of revenue, as required by section 64(2)(e) of the MFMA.
4. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Liability management

5. Short-term debt was not repaid within the financial year, as required by section 45(4) of the MFMA.

Consequence management

6. Unauthorised, irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

7. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and the findings on

non-compliance with legislation included in this report.

Leadership

8. The leadership did not adequately respond to the matters reported by the external auditors in the previous financial year, and did not implement consequential performance management for managers and officials that did not implement municipal policies and procedures.
9. In addition, organisational party politics attempted to destabilise the municipality and to deliberately undermine the leadership.

Financial and performance management

10. The work ethic of certain municipal officials, including senior and middle management, was not at the required level. This resulted in officials not performing their job function, which placed undue pressure on the leadership of the municipality.
11. Management did not adequately respond to the audit matters reported in the previous financial year, and did not establish a performance management system and technical indicator descriptions. Within the performance management and SCM departments there was a lack of sufficient skills and experience, resulting in ineffective monitoring and review.
12. Management did not adequately respond to the recommendations of the external auditors to implement processes to monitor and report on compliance with laws and regulations. This resulted in a situation where compliance was still not actively managed.

Governance

13. The governance structures of the municipality were not sufficiently capacitated and as a result did not deliver on their mandates. Consequently, the governance structures did not take into account all the risks that affected the municipal environment and did not monitor the implementation of the recommendations of the risk management division. Furthermore, the internal audit division did not achieve its annual audit plan; and the audit committee did not deliver on its legislated responsibilities.

OTHER REPORTS

Investigation

14. Three investigations are being conducted by an independent consulting firm on request of the municipality and the Office of the Premier. The investigations were initiated based on allegations of irregularities in procurement and payments. The investigations are currently in the reporting phase.

Auditor - General

Bloemfontein

30 November 2014



A U D I T O R - G E N E R A L

S O U T H A F R I C A

Auditing to build public confidence

AUDITOR GENERAL REPORT YEAR 1 CURRENT YEAR

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE MOHOKARE LOCAL MUNICIPALITY

Report on the financial statements

Introduction

1. I have audited the financial statements of the Mohokare Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the budget statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mohokare Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material losses

9. As disclosed in note 32.1 to the financial statements, material losses to the amount of R18 692 402 (2014: R15 691 377) were incurred as a result of a write-off of irrecoverable trade debtors.
10. As disclosed in note 32.1 to the financial statements, electricity distribution losses of R5 364 000 (2014: R4 284 685) and water distribution losses of R6 476 027 (2014: R3 003 164) were incurred as a result of leakages, tampering of meters, faulty meters and illegal connections.

Material impairments

11. As disclosed in note 3 to the financial statements, receivables from exchange transactions were impaired by R76 199 136 (2014: R72 297 085) and, as disclosed in note 4 to the financial statements, receivables from non-exchange transactions were impaired by R15 360 169 (2014: R13 751 538).

Irregular expenditure

12. As disclosed in note 39.3 to the financial statements, the municipality incurred irregular expenditure of R15 985 572 (2014: R937 854) during the year under review mainly due to non-compliance with supply chain management requirements. The municipality investigated the completeness of irregular expenditure for the previous five years and made adjustments accordingly. In addition, the full extent of irregular expenditure incurred during the current year is still in the process of being investigated and verified.

Going concern

13. The financial statements indicates that the municipality's current liabilities exceeded its current assets by R55 727 301 (2014: R47 243 811). In addition, as disclosed in note 51 to the financial statements, notices of motion were issued against the municipality as a result of long outstanding members' as well as council contributions to the pension and provident funds. These conditions, along with other matters as set forth in note 51, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to meet its financial obligations as they fall due and achievement of service delivery as outlined in the annual performance plan.

Additional matter

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

15. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form

part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected key performance areas (KPA) presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected KPAs presented in the annual performance report of the municipality for the year ended 30 June 2015:
- KPA 1: Basic service delivery and infrastructure development on pages x to x
 - KPA 6: Environmental management on pages x to x
18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned KPAs. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPI)*.
20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. The material findings in respect of the selected KPAs are as follows:

KPA 1: Basic service delivery and infrastructure development

Reliability of reported performance information

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of monitoring of the completeness of source documentation in support of actual achievements.

KPA 6: Environmental management

23. I did not raise any material findings on usefulness and reliability of the reported performance information for this programme.

Additional matters

24. I draw attention to the following matters:

Achievement of planned targets

25. Refer to the annual performance report on page(s) x to x and x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected KPAs reported in paragraph(s) x to xx of this report.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for KPA 1: Basic service delivery and infrastructure development and KPA 6: Environmental management. As management subsequently corrected only some of the misstatements, I identified material findings on the reliability of the reported performance information.

Unaudited supplementary schedules

27. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

28. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

29. The performance management system and related controls were not maintained as it did not describe and represent the processes of performance measurement and how it is conducted, organised and managed, as required by sections 38 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and Municipal planning and performance management regulation 7.
30. The KPAs set by the municipality did not include indicators on percentage of households with access to basic level of water, sanitation and electricity as required by section 43(2) of the MSA and the Municipal planning and performance management regulation 10(a).

Annual financial statements, performance and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
32. The annual performance report for the year under review did not include the performance of Centlec (SOC) Ltd (electricity service provider) and a comparison with the previous financial year, as required by section 46(1)(a) and (b) of the MSA.

Audit committee

33. The audit committee did not advise the council on matters relating to internal financial control and internal audits, accounting policies, risk management, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA.
34. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.
35. The audit committee did not review the municipality's performance management system and/or make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).
36. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by municipal planning and performance management regulation 14(4)(a)(i).
37. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).
38. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
39. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
40. The audit committee did not respond to the council on the issues raised in the audit reports of the auditor-general, as required by section 166(2)(c) of the MFMA.

Internal audit

41. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Human resource management and compensation

42. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies, as required by the Municipal regulations on minimum competency levels regulation 14(2)(b).

Procurement and contract management

43. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) and (c).
44. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).

45. Bids were not always evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services as required by SCM regulation 28(2).
46. Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).

Expenditure management

47. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
48. Reasonable steps were not taken to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Revenue management

49. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA.
50. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
51. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Consequence management

52. Unauthorised, irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

53. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

54. The leadership did not adequately respond to the matters reported by the external auditors in the previous financial year, and did not implement consequential performance management for managers and officials that did not implement municipal policies and procedures.
55. Within the performance management and SCM departments there was a lack of sufficient skills and experience, resulting in ineffective monitoring and review.

Financial and performance management

56. Management did not in all instances monitor the completeness of source documentation in support of actual achievements reported in the annual performance report.

57. Management did not adequately respond to the recommendations of the external auditors to implement processes to monitor and report on compliance with laws and regulations. This resulted in a situation where compliance was still not actively managed.

Governance

58. The governance structures of the municipality were not sufficiently capacitated and as a result did not deliver on their mandates. Consequently, the governance structures did not take into account all the risks that affected the municipal environment and did not monitor the implementation of the recommendations of the risk management division. Furthermore, the internal audit division did not achieve its annual audit plan and the audit committee did not deliver on its legislated responsibilities.

Other reports

Investigations

59. Three investigations were conducted by an independent consulting firm on request of the municipality and the Department of the Premier. The investigations were initiated based on allegations of irregularities in procurement and payments. The investigations are currently in the reporting phase.

Bloemfontein

8 December 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.3. COMPONENT C: 2014/2015 ACTION PLAN TO ADDRESS AG FINDINGS

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion <u>date</u>	Responsible Unit / department <u>as well as Officials:</u>
QUALIFICATION MATTERS					
EMPLOYEE COSTS	Late Third Party Payments(EX.151) Legislated third party payments were not paid within the prescribed timeframes or not paid at all:	This matter occurred due to the municipality facing budgetary constraints and cash flow restrictions and did not have sufficient funds to pay third parties before or on due dates.	Management will be able to resolve the matter by taking actions - Detailed cash flow prjections to assist the municipality in meeting our financial obligations.	31-Mar-16	Directorate: Finance - Payroll Responsible person: Chief Financial Officer -

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	<p>Municipal Regulations on Minimum Competency Levels(EX.202)</p> <p>Through inspection of the draft annual report that the municipality did not reflect the information on compliance with prescribed minimum competency as at the end of the financial year.</p>	<p>The matter occurred due to the fact that management had not sufficiently prioritised the short comings of the performance management system and did not ensure that all the required information was included in the annual report.</p>	<p>A section of Minimum competency Levels for senior managers and supply chain accountants will be reflected in the Final Annual Report to be tabled to the Municipal Council by the 25th of January 2016.</p>	30-Jan-16	<p>Directorate: Performance Management Systems</p> <p>Responsible person: Manager - Performance Management System</p>

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
IRREGULAR AND FRUITLESS EXPENDITURE	Irregular, Fruitless and Wasteful and Unauthorised Expenditure; Control Weaknesses(EX.100) Through discussions with management and the inspection of the management representation letter dated 22 October 2015, that the municipality does not have processes in place to, on a continuous basis throughout the year, investigate instances of fruitless and wasteful-, irregular- and/or unauthorised expenditure.	The matter occurred due to the fact that the investigation committee did not fully act out its mandate.	Management will be able to resolve the matter by taking the following actions - Set out a timeline for monthly section 32 meetings, - Formally document all discussions held at meetings, - Perform all investigations as requested by the Section 32 committees.	28-Feb-16	Directorate: Finance Responsible Official: Acting Senior Finance Manager

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
PROCUREMENT AND CONTRACT MANAGEMENT	Procurement and contract management: (MOH/02/2015): Ducharme Consulting(EX.86) On audit of the procurement and contract management processes the non-compliances with supply chain management were identified	The matters occurred due to the fact that management did not take the necessary due to ensure the compliance of the required laws and regulations.	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are 	28-Feb-16	Directorate: Finance - Supply Chain Management Responsible Official: Supply Chain Accountant -

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	<u>Completion date</u>	<u>Responsible Unit / department as well as Officials:</u>
QUALIFICATION MATTERS					
			maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.		

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	(SCM/MOH/07/2015): Black Jill, Medatel vox, Today's Destiny Tr(EX.97) On audit of the procurement and contract management processes the non-compliances with supply chain management were identified	Non-compliance with the supply chain management processes occurred as results of the following: (a) Full details of the processes followed in appointment of the providers were not formally documented and supporting documents not submitted for audit; (b) The bid evaluation committee considered the amounts to be collected in evaluating the points and used the percentage instead of the commission to be paid; and (c) Incorrect allocation was used when evaluating the points and resulting in the incorrect points used for B-BBEE.	Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.	28-Feb-16	Directorate: Finance - Supply Chain Management Responsible Official: Supply Chain Accountant -

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	<p>(SCM/MOH/02/2015): Johnny Bravo(EX.102)</p> <p>Regulation 29(1)(b) of the Municipal Supply Chain Management Regulations (GNR 868 30 May 2005) states that A bid adjudication committee must either_</p> <p>(i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or</p> <p>(ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.</p>	<p>Non-compliance with the supply chain management processes occurred as a result of the following:</p> <p>(a) management did not establish proper controls over record keeping of procurement and contract documents and information;</p> <p>(b) full details of the processes followed in appointment of the providers were not formally documented and supporting documents could not be submitted for audit; and (c) the municipality does not have the financial resources to adequately staff the supply chain management unit.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met. 	28-Feb-16	<p>Directorate: Finance</p> <p>Responsible person: Chief Financial Officer</p>

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
PROCUREMENT AND CONTRACT MANAGEMENT	SCM/MOH/10/2015(EX.129) On audit of the procurement and contract management processes the non-compliances with supply chain management were identified	Non-compliance with the supply chain management processes occurred as results of the following: (a) The municipality is of the view that the quorum was met for the committee to sit; (b) Municipality does not have the financial resource and expertise to carry out the process to identify the supplier director's previous convictions or allegations of fraud or corruption;	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met. 	28-Feb-16	Directorate: Finance - Supply Chain Management Responsible Official: Supply Chain Accountant

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	(SCM/MOH/14/2015)(EX.145) On audit of the procurement and contract management processes the non-compliances with supply chain management were identified.	Non-compliance with the supply chain management processes occurred as results of the following: (b) Municipality does not have the financial resource and expertise to carry out the process to identify the supplier director's previous convictions or allegations of fraud or corruption; (c) Municipality did not consider all the requirements of the law in respect of supporting documents required; and (d) Municipality registered the bids with the CIDB but did not also send the bids to the CIDB in a prescribed manner for advertisement.	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met. 	28-Feb-16	Directorate: Finance - Supply Chain Management Responsible Official: Supply Chain Accountant -

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	SCM/MOH/21/2013: Electron Durban(EX.152) On audit of the procurement and contract management processes the non-compliances with supply chain management were identified	Non-compliance with the supply chain management processes occurred as a result of the following: (a) management did not establish proper controls over record keeping of procurement and contract documents and information; (b) full details of the processes followed in appointment of the providers were not formally documented and supporting documents could not be submitted for audit; and (c) the municipality does not have the financial resources to adequately staff the supply chain management unit.	Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.	28-Feb-16	Directorate: Finance Responsible person: Chief Financial Officer

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	<p>(R 30 000 - R 200 000)(EX.186) (a) Written price quotations from at least three (3) suppliers were not obtained for the request for quotations in the table below and the reasons for deviation from the normal supply chain management process for the request for quotations appear not reasonable/justifiable to deviate from the supply chain management process: It was noted that the municipality does not clearly indicate the evaluation the evaluation criteria to be applied in evaluating the request for quotations. It was identified for the request for quotations below that the winning provider did not submit a declaration of interest.</p>	<p>(a) Municipality did not source the quotation(s) in accordance with the laws and regulations, prior to obtaining the goods and services: (b) No proper documentation was maintained to prove that deviation(s) were due to case(s) of emergency; (c) Municipality did not fully implement the requirements of the SCM regulation to report the deviations to the council and include the deviations in the financial statements.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and 	28-Feb-16	<p>Directorate: Finance - Supply Chain Management Responsible Official: Supply Chain Accountant</p>

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
			<p>discuss the specifications for the specific bid.</p> <ul style="list-style-type: none">- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.- Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.		

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	R10 000 - R30 000(EX.190) 1.(a) Written price quotations from at least three (3) suppliers were not obtained for the request for quotations in the table below and the reasons for deviation from the normal supply chain management process for the request for quotations appear not reasonable/justifiable to deviate from the supply chain management process: The supplier used by the municipality is not in the list of the accredited prospective providers.	(a) The municipality did not source the quotation(s) in accordance of the laws and regulations, prior to obtaining the goods and services; (b) The municipality did not source the quotation(s) in accordance of the laws and regulations, prior to obtaining the goods and services; (c) The municipality did not assess whether the supplier met the listing criteria before the supplier was used and/or paid.	Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and	28-Feb-16	Directorate: Finance Responsible person: Chief Financial Officer

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
			discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.		

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
AUDIT COMMITTEE AND INTERNAL AUDIT	<p>Audit Committee: Non Compliance(EX.77)</p> <p>During the assessment of the audit committee, the following non-compliance matters relating to the audit committee were identified for the 2014/15 financial year:</p> <p>(i) reviewed the municipality's compliance with the prescribed accounting framework;</p> <p>(ii) reviewed the municipality's audit plan with the external auditors to ensure that the audit will address any concerns of the council;</p> <p>(ii) reviewed the municipality's audit plan with the external auditors to ensure that the audit will address any concerns of the council.</p>	<p>Council did not adequately assess and monitor the effectiveness of the audit committee in performing its duties as stipulated in section 166(2)(a) and (b) of the MFMA .</p>	<p>A new Audit Committee was appointed for MLM. The Committee convenes on a quarterly basis to discuss compliance and other matters.</p>	Quarterly basis	<p>Directorate: Internal Audit Responsible Official: Internal Auditor</p>

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	Non compliance: Internal Audit(EX.87) Internal audit unit did not for all four quarters advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, DoRA and any other applicable legislation.	Vacancies and lack of capacity within the internal audit unit. The stakeholders are not being made aware from the side of Internal Audit Unit of the importance of tracking compliance to legislation and the areas of risk that the LM is exposed to in terms of overall compliance to the enabling legislation.	An internal auditor was appointed in August 2015. In addition two (2) interns joined the team. Internal Audit repots on a quarterly basis to the Audit Committee.	Quarterly basis	Directorate: Internal Audit Responsible Official: Internal Auditor
OPERATING EXPENDITURE	Expenditure: Non-compliance - Payments not made within 30 days(EX.12)	The non-payment of creditors within 30 days is as a result of serious cash flow problems that the municipality is facing.	Management will be able to resolve the matter by taking the following actions: - Detailed cash flow projections to assist the municipality in meeting our financial obligations	31-Mar-16	Directorate: Finance Responsible Officials: Chief Financial Officer

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	Contracted Services and S&T Expenditure: Non-Compliance: Payments not made within 30 days. (EX.164)	The non-payment of creditors within 30 days is as a result of cash flow constraints which the municipality was experiencing.	Management will be able to resolve the matter by taking the following actions: - Detailed cash flow projections to assist the municipality in meeting our financial obligations	31-Mar-16	Directorate: Finance Responsible Official:

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
PREDETERMINED OBJECTIVES	AOPO: Understanding performance management (KPIs)(EX.181) Evaluation of municipal's internal controls relevant to performance management system identified the municipal's Integrated Development Plan (IDP) was reviewed on the 28 May 2014 by council and the Performance management System (PMS) was first adopted on the 28 August 2014; and reviewed on 01 December 2014 which was after the Key Performance Indicators (KPIs) were set.	The deficiencies in controls are as a result of the PMS unit was not fully functional and effective for almost six months of the previous financial year.	It shall be ensured that the PMS policy going forward is reviewed in line with the prescribed Regulations	27-May-16	Directorate: Performance Management Systems Responsible Official: Manager - Performance Management Systems

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	<p>AOPO: Material adjustments and internal control deficiencies(EX.182)</p> <p>The municipal performance management system does not consider internal control deficiencies, as weaknesses were still identified with the performance management system co-ordination. The municipal planning process is poor as the municipal SDBIP which is used to report at the period end does not take into consideration the budget process.</p> <p>On monitoring the municipality has not developed the formal process to ensure that all the stakeholders are aware of the impact of the daily operations and reports in terms of how the reports need to be used for reporting purpose</p>	<p>The matter occurred due to the fact that management does not monitor the implementation of the the Performance Management System policy.</p>	<p>i) The matter to be discussed with the Budget Officer, IDP Manager and the PMS Manager to ensure that budget is aligned to the SDBIP during the review of Budget and the SDBIP.</p> <p>ii) The matter is noted and it shall be ensured that the monitoring and evaluation of performance information to stakeholder is conducted on a quarterly basis as the municipality has an effective Audit Committee in place.</p>	<p>Feb 2016 & 30 June 2016</p>	<p>Directorate: Performance Management Systems</p> <p>Responsible Official: Manager - Performance Management Systems</p>

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	AOPO: Understanding performance management (Service providers)(EX.183) On evaluation of municipal's internal controls relevant to performance management system identified that the municipality did not include the indicators for which the services are provided by Centlec; and did not compare the current period performance results to previous period results.	Deficiencies in controls are as a result of management did not sufficiently develop the documented processes for evaluating and assessing the performance of service providers; and did not apply the principles and requirements of the National treasury annual report template.	The municipality is in the process of developing formally documented process of evaluating and assessing the performance of service providers and ensuring that a comparison is made between the current results to the previous year's performance results.	Quarterly basis	Directorate: Performance Management Systems Responsible Official: Manager - Performance Management Systems
	AOPO: Majority of the targets were not realised for basic service delivery and community s(EX.195)	Lack of adequate reviews and monitoring are not being performed by management to ensure that targets are reached.	During the review of the SDBIP 2015/2016 and in preparation of the 2016/2017 SDBIP it shall be ensured that basic needs targets are realised in the SDBIP.	2016-02-28 & 2016-06-30	Directorate: Performance Management Systems Responsible Official: Manager - Performance Management Systems

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
	AOPO: Reliability of supporting documentation(EX.196) The supporting documents received to confirm the reported performance in the annual audit report was not adequate.	Lack of management oversight to ensure that the reported performance in the annual performance report is supported by valid documents	It shall be ensured that relevant sufficient supporting documentation is maintained for every key performance indicator listed in the SDBIP and Annual Report	Quarterly basis	Directorate: Performance Management Systems Responsible Official: Manager - Performance Management Systems

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
RECEIVABLES	<p>Consumer debtors: Credit control policy(EX.5) Whilst obtaining an understanding of the municipal processes of controls in regard to receivables and the management of consumer deposits, it came to the auditor's attention that the municipality is not adhering to its own credit control policy. We were unable to obtain any information relating to the current year's processes to disconnect or restrict services of consumer debtors.</p> <p>Furthermore, through discussions with the revenue department's management, it was indicated that the municipality had not disconnected or restricted any service to a debtor during the current financial year.</p>	<p>Current meters that are installed, are unable to restrict the usage of water. In addition the revenue section is not actively managing the credit control policy of the municipality and is not enforcing the prescripts thereof.</p>	<p>Management will be able to resolve the matter by taking the following actions:</p> <ul style="list-style-type: none"> - Revise the credit control policy to be in line with the day to day operations of Mohokare LM 	31-Mar-16	<p>Directorate: Finance - Revenue Responsible Official: Revenue Manager</p>

TO BE COMPLETED BY MUNICIPALITY					
Functional Area	Audit finding	Root cause	Remedial Actions [Seperate row should be used for each action]	Completion date	Responsible Unit / department as well as Officials:
QUALIFICATION MATTERS					
REVENUE	Revenue management: Non-compliance(EX.201) Numerous material financial misstatements relating to revenue and receivables were identified that were subsequently corrected by management. These misstatements were not prevented or detected through internal control mechanisms put in place by management. An effective system of internal control for debtors and revenue was thus not in place, as required by section 64(2)(e) and (f) of the MFMA.	The matters re-occurred due to the fact that prior year findings relating to revenue and receivables were not satisfactorily addressed by management.	Management will be able to resolve the matter by taking the following actions: - Design and implement controls over the review of processing of information on a monthly basis.	28-Feb-16	Directorate: Finance - Revenue Responsible Official: Revenue Manager

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

PLEASE REFER TO CHAPTER 1

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES:

PLEASE REFER TO CHAPTER 1

APPENDIX C: ADMINISTRATIVE STRUCTURE

PLEASE REFER TO CHAPTER 1

APPENDIX E & F: WARD REPORTING AND INFORMATION

WARD COMMITTEE AND WARD COMMUNITY MEETINGS
2014/2015 FINANCIAL YEAR

Ward committee meetings year target: 72 meetings, Actual achieved: 26

Ward community meetings year target: 24, Actual achieved: 31

MONTH	WARD MEETING	WARD MEETING
JULY	2	3
AUGUST	2	1
SEPTEMBER	3	1
OCTOBER	3	6
NOVEMBER	None	3
DECEMBER	None	6
JANUARY	2	1
FEBRUARY	5	2
MARCH	4	3
APRIL	None	None
MAY	3	3
JUNE	2	2
TOTAL		

APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST

Disclosures of Financial Interests		
Period 1 July 2014 to 30 June 2015 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	M.A Shasha	Sentsoeti Development Centre
Councillor	T.S Khasake	None
	I Mehlomakhulu	None
	E.T Backward	Cooperative
	L.Lekhula	Lekhula Constructions CC
	M.J Sehanka	None
	I.S Riddle	Nick's Place ERF 337 Smithfield
	R.J Thuhlo	Sethuka Cooperative
	M.A Letele	Employment at Department of Correctional Services
	M.A Shasha	Sentsoeti Development Centre
	S.Phokane	None
	B.S Majenge	None
Municipal	C.T Panyani	PC Training Pty LTD, Uhlosi and Others
CFO	P.M Dyonase	True Worth Consulting, ABSA Pension
Directors	M.N Tsoamotse	None
	L.V Nqoko-Rametse	Sabath Consulting

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2015

MOHOKARE LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS for the year
ended 30 June 2015**

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MOHOKARE LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS for the year ended
30 June 2015**

GENERAL INFORMATION

SPEAKER

M.A. Shasha

MEMBERS OF COUNCIL

Speaker	M.A. Shasha
Chief Whip	M.A. Letele
Councillors:	O.T. Khasake
S. Pokane	L. Lekhula
M.J. Sehanka	E.T. Backward
R.J. Thuhlo	B.S. Majenge
I. Mehlomakhulu	I.S. Riddle

GRADING OF THE LOCAL AUTHORITY

Grade 2

AUDITORS

External – Auditor General of South Africa
Internal – Thato Ntakatsane (Internal Audit Clerck)

PRIMARY BANKER

ABSA Bank

REGISTERED OFFICE

Civic Center	PO Box 20
Hoofd Street	Zastron
Zastron	9950
9950	
Telephone: (051) 673-9600	Facsimile: (051) 673-1550
E-Mail: info@mohokare.gov.za	Website: http://www.mohokare.gov.za

MUNICIPAL MANAGER

T.C. Panyani

CHIEF FINANCIAL OFFICER

J.V. Nkosi (Until July 2013)
P. Dyonase (Acting from July 2013 & appointed December 2013)

MOHOKARE LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS for the year ended
30 June 2015**

GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 5 to 95, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2015.

TC PANYANI
MUNICIPAL MANAGER
8 December 2015

P Dyonase
CHIEF FINANCIAL OFFICER
8 December 2015

MOHOKARE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2015

MEMBERS OF THE COUNCIL

COUNCILLORS

O T Khasake	ANC
L Lekhula	ANC
S Pokane	DA
E T Backward	ANC
R J Thuhlo	ANC
M J Sehanka	ANC
B S Majenge	ANC
M A Letele	ANC
I S Riddle	DA
I Mehloimakulu	ANC
A M Shasha	ANC

Mohokare Local Municipality

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	Actual 2015 R	2014 Restated R
ASSETS			
Current Assets		23 819 214	9 877 738
Inventories - Consumables	2	765 008	790 723
Receivables from Exchange Transactions	3	5 383 247	2 472 749
Receivables from Non-exchange Transactions	4	1 556 767	738 347
Sundry debtors	4	1 957 252	1 004 993
VAT Receivable	5	13 211 818	4 542 713
Cash and Cash Equivalents	6	945 122	328 214
Non-Current Assets		492 920 091	473 809 105
Property, Plant and Equipment	7	470 141 771	451 106 805
Investment Property	8	22 176 665	22 176 665
Biological Assets	9	256 500	240 031
Investments	10	345 155	285 604
Total Assets		516 739 305	483 686 844
LIABILITIES			
Current Liabilities		79 546 515	57 121 549
Consumer Deposits	11	521 730	615 562
Payables	12	70 230 764	47 857 798
Deferred Grant Revenue	18	-	90 439
Unspent Conditional Grants and Receipts	13	8 376 281	6 072 722
Bank Overdraft	6	-	2 076 232
Current Portion of Long-term Liabilities	14	417 739	408 795
Non-Current Liabilities		31 793 238	23 471 859
Long-term Liabilities	14	20 408 617	12 963 859
Non-current Provisions	15	11 384 620	10 508 000
Total Liabilities		111 339 752	80 593 407
Total Assets and Liabilities		405 399 553	403 093 436
NET ASSETS		405 399 553	403 093 436
Accumulated Surplus / (Deficit)	16	405 399 553	403 093 436

Total Net Assets

405 399 553

403 093 436

Mohokare Local Municipality

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual 2015 R	2014 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	17	6 515 489	5 848 955
Traffic Fines		1 638 850	874 540
Gains on Fair Value adjustments		65 770	211 931
Licences and Permits		3 545	132
Government Grants and Subsidies Received	18	105 784 004	94 606 442
Donations Received	19	1 357 959	970 424
Revenue from Exchange Transactions			
Service Charges	20	47 996 203	38 157 033
Rental of Facilities and Equipment	21	1 064 164	574 998
Interest Earned - External Investments	22	129 246	175 822
Interest Earned - Outstanding Debtors	22	805 766	8 084 890
Dividends Received		7 067	8 925
Other Income	23	1 340 274	964 837
Profit on Sale of Livestock:-		55 263	43 982
Sale of Livestock		55 263	252 482
Carrying value of Livestock		-	(208 500)
Total Revenue		166 763 602	150 522 911
EXPENDITURE			
Employee Related Costs	24	55 991 776	52 766 457
Remuneration of Councillors	25	3 236 314	3 065 340
Depreciation and Amortisation	26	25 616 415	25 776 667
De-commissioning cost	7	536 155	536 155
Impairment Losses	27	21 104 381	22 456 408
Repairs and Maintenance		2 161 467	1 698 199
Finance Costs	28	4 600 053	2 209 096
Bulk Purchases	29	23 607 805	19 755 688
Contracted Services	30	3 659 924	5 393 623
Grants and Subsidies Paid	31	11 636	-
General Expenses	32	23 576 143	28 193 557
Loss on Disposal of Property, Plant and Equipment		355 416	298 128
Total Expenditure		164 457 485	162 149 320
SURPLUS / (DEFICIT) FOR THE YEAR		2 306 116	(11 626 409)

Refer to Appendix E(1) for explanation of budget variances

Mohokare Local Municipality

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

Description	Accumulated Surplus / (Deficit)	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
Balance at 30 June 2013	277 345 175	277 345 175	277 345 175
Correction of prior period errors	160 317 695	160 317 695	160 317 695
Re-Stated Balance at 30 June 2013	437 662 870	437 662 870	437 662 870
2014			
Surplus/(Deficit) for the year	(11 626 409)	(11 626 409)	(11 626 409)
Balance at 30 June 2014	426 036 461	426 036 461	426 036 461
Correction of prior period errors	(22 943 024)	(22 943 024)	(22 943 024)
Re-Stated Balance at 30 June 2014	403 093 437	403 093 437	403 093 437
2015			
Surplus/(Deficit) for the year	2 306 116	2 306 116	2 306 116
Balance at 30 June 2015	405 399 553	405 399 553	405 399 553

Details on the movement of the Funds and Reserves are set out in Note 34.

Mohokare Local Municipality

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

		Actual 2015 R	2014 R
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Receipts			
Cash receipts from Ratepayers, Government and Other		113 081 489	97 465 791
Dividends Received		7 067	8 925
Interest Received	22	129 246	175 822
Payments			
Cash paid to suppliers and Employees		(67 763 562)	(66 014 325)
Interest Paid	28	(188 949)	(181 906)
NET CASH FLOWS FROM OPERATING ACTIVITIES	35	45 265 296	31 454 307
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7, 18.8	(42 287 203)	(34 113 495)
Proceeds on Disposal of Biological Assets		55 258	252 482
NET CASH FLOWS FROM INVESTING ACTIVITIES		(42 231 945)	(33 861 013)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings raised			581 436
Borrowings repaid		(340 210)	-124 502
NET CASH FLOWS FROM FINANCING ACTIVITIES		(340 210)	456 934
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2 693 140	(1 949 772)
Cash and Cash Equivalents at Beginning of Period		(1 748 018)	201 754
Cash and Cash Equivalents at End of Period		945 122	(1 748 018)

Mohokare Local Municipality
BUDGET STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
30 June 2015

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION									
Current Assets									
Inventories	657 000	-	-	657 000	765 008	-	108 008	116%	116%
Inventories Held-for-Sale	-	-	-	-	-	-	-	0%	0%
Receivables from Exchange Transactions	13 620 000	-	-	13 620 000	5 383 247	-	(8 236 753)	40%	40%
Receivables from Non-exchange Transactions	-	-	-	-	1 556 767	-	1 556 767	0%	0%
VAT Receivable	-	-	-	-	13 211 818	-	13 211 818	0%	0%
Cash and Cash Equivalents	729 000	-	-	729 000	945 122	-	216 122	130%	130%
Sundry Debtors	5 557 000	-	-	5 557 000	1 957 252	-	(3 599 748)	35%	35%
Non-Current Assets									
Property, Plant and Equipment	324 830 000	-	-	324 830 000	470 141 771	-	145 311 771	145%	145%
Investment Property	19 267 000	-	-	19 267 000	22 176 665	-	2 909 665	115%	115%
Biological Assets	327 000	-	-	327 000	256 500	-	(70 500)	78%	78%
Intangible Assets	-	-	-	-	-	-	-	0%	0%
Non-current Investments	197 000	-	-	197 000	345 155	-	148 155	0%	0%
Other Non-Current Assets	-	-	-	-	-	-	-	0%	0%
Total Assets	365 184 000	-	-	365 184 000	516 739 305	-	151 555 305	142%	142%
Current Liabilities									
Consumer Deposits	214 000	-	-	214 000	521 730	-	307 730	244%	244%
Payables	15 891 000	-	-	15 891 000	70 230 764	-	54 339 764	442%	442%
Deferred Grant Revenue	-	-	-	-	-	-	-	0%	0%
Unspent Conditional Grants and Receipts	-	-	-	-	8 376 281	-	8 376 281	0%	0%
Short-term Loans	274 000	-	-	274 000	-	-	(274 000)	0%	0%
Bank Overdraft	5 000 000	-	-	5 000 000	-	-	(5 000 000)	0%	0%
Current Portion of Long-term Liabilities	-	-	-	-	417 739	-	417 739	0%	0%
Non-Current Liabilities									
Long-term Liabilities	6 209 000	-	-	6 209 000	20 408 617	-	14 199 617	329%	329%
Non-current Provisions	12 317 000	-	-	12 317 000	11 384 620	-	(932 380)	92%	92%
Total Liabilities	39 905 000	-	-	39 905 000	111 339 752	-	71 434 752	279,01	279,01
Total Assets and Liabilities	325 279 000	-	-	325 279 000	405 399 553	-	80 120 553	125%	125%
Net Assets (Equity)									
Accumulated Surplus / (Deficit)	325 279 000	-	-	325 279 000	405 399 553	-	80 120 553	125%	125%

Total Net Assets	325 279 000	-	-	325 279 000	405 399 553	-	80 120 553	125%	125%
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Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL PERFORMANCE									
Revenue from Non-exchange Transactions									
Property Rates	14 587 000	-	-	14 587 000	6 515 489	-	(8 071 511)	45%	45%
Fair value gains	-	-	-	-	65 770	-	65 770	0%	0%
Fines	3 000 000	-	-	3 000 000	1 638 850	-	(1 361 150)	55%	55%
Licences and Permits	-	3 000	-	3 000	3 545	-	545	118%	0%
Government Grants and Subsidies Received	59 508 000	(5 000 000)	-	54 508 000	105 784 004	-	51 276 004	194%	178%
Public Contributions and Donations	-	-	-	-	1 357 959	-	1 357 959	0%	0%
Revenue from Exchange Transactions									
Service Charges	47 940 000	4 879 000	-	52 819 000	47 996 203	-	(4 822 797)	91%	100%
Rental of Facilities and Equipment	602 000	2 000	-	604 000	1 064 164	-	460 164	176%	177%
Interest Earned - External Investments	7 000	-	-	7 000	129 246	-	122 246	1846%	1846%
Interest Earned - Outstanding Debtors	-	-	-	-	805 766	-	805 766	0%	0%
Dividends Received	10 000	9 000	-	19 000	7 067	-	(11 933)	37%	71%
Other Income	6 678 000	503 000	-	7 181 000	1 340 274	-	(5 840 726)	19%	20%
Profit on Sale of Livestock	-	-	-	-	55 263	-	55 263	0%	0%
Total Revenue	132 332 000	396 000	-	132 728 000	166 763 601	-	34 035 601	126%	126%
Expenditure									
Employee Related Costs	52 491 000	2 185 000	-	54 676 000	55 991 776	-	1 315 776	102%	107%
Remuneration of Councillors	3 183 000	(117 000)	-	3 066 000	3 236 314	-	170 314	106%	102%
Depreciation and Amortisation	28 427 000	181 000	-	28 608 000	25 616 415	-	(2 991 585)	90%	90%
De-commissioning cost	-	-	-	-	536 155	-	536 155	0%	0%
Impairment Losses	9 563 000	4 389 000	-	13 952 000	21 104 381	-	7 152 381	151%	221%
Repairs and Maintenance	-	-	-	-	2 161 467	-	2 161 467	0%	0%
Finance Costs	2 504 000	225 000	-	2 729 000	4 600 053	-	1 871 053	169%	184%
Bulk Purchases	18 000 000	1 570 000	-	19 570 000	23 607 805	-	4 037 805	121%	131%
Contracted Services	89 000	495 000	-	584 000	3 659 924	-	3 075 924	627%	4112%
Grants and Subsidies Paid	5 763 000	(800 000)	-	4 963 000	11 636	-	(4 951 364)	0%	0%
General Expenses	38 376 000	(5 652 000)	-	32 724 000	23 576 143	-	(9 147 857)	72%	61%
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	355 416	-	355 416	0%	0%
Total Expenditure	158 396 000	2 476 000	-	160 872 000	164 457 484	3 585 484	3 585 484	102%	104%
Surplus/(Deficit)	(26 064 000)	(2 080 000)	-	(28 144 000)	2 306 116	(3 585 484)	30 450 116	-8%	-9%
Transfers Recognised - Capital	65 192 000	(5 000 000)	-	60 192 000	-	-	-	0%	0%
Contributions Recognised - Capital and Contributed Assets	(72 436 000)	10 012 000	-	(62 424 000)	(2 306 116)	-		4%	3%
Surplus/(Deficit) after Capital Transfers and Contributions	(33 308 000)	2 932 000	-	(30 376 000)	-	(3 585 484)	30 450 116	-	-
Surplus/(Deficit) for the Year	(33 308 000)	2 932 000	-	(30 376 000)	-	(3 585 484)	30 450 116	-	-

Description	Original Total	Budget	Virement		Final	Actual	Unauthorised	Variance	Actual Outcome as % of	Actual Outcome as % of
	Budget	Adjustments			Budget	Outcome	Expenditure		Final Budget	Original Budget
CAPITAL EXPENDITURE PER FUNCTION										
Executive and Council	7 000	(4 000)	-		3 000	1 558 298	-	1 555 298	51943%	22261%
Finance and Administration	795 000	119 000	-		914 000	159 312	-	(754 688)	17%	20%
Planning and Development	-	-	-		-	-	-	-	0%	0%
Community and Social Services	1 857 000	(1 511 000)	-		346 000	52 395	-	(293 605)	15%	3%
Housing	-	-	-		-	-	-	-	0%	0%
Sport and Recreation	3 565 000	(909 000)	-		2 656 000	942 518	-	(1 713 482)	35%	26%
Waste Management	1 346 000	(864 000)	-		482 000	-	-	(482 000)	0%	0%
Roads and Transport	12 630 000	(2 295 000)	-		10 335 000	8 689 842	-	(1 645 158)	84%	69%
Water	48 405 000	(4 523 000)	-		43 882 000	29 667 945	-	(14 214 055)	68%	61%
Electricity	3 666 000	-	-		3 666 000	4 087 227	-	421 227	111%	111%
Total Sources of Capital Funds	72 438 000	(9 987 000)	-		62 284 000	45 157 538		(17 126 462)	73%	62%
CASH FLOW										
Cash Flows from/(used in) Operating Activities										
Cash Receipts from Ratepayers, Government and Other	187 328 000	(4 614 000)	-		182 714 000	113 081 489	-	(69 632 511)	62%	60%
Cash Paid to Suppliers and Employees	(120 822 000)	(2 541 000)	-		(123 363 000)	(67 763 562)	-	55 599 438	55%	56%
Dividends received	10 000	9 000	-		19 000	7 067	-	(11 933)	37%	71%
Interest received	-	-	-		-	129 246	-	129 246	0%	0%
Interest paid	(2 382 000)	(321 000)	-		(2 703 000)	(188 949)	2 514 051	2 514 051	7%	8%
Transfers and Grants	(5 763 000)	800 000	-		(4 963 000)	-	-	4 963 000	0%	0%
Cash Flows from/(used in) Investing Activities										
Purchase of Property, Plant and Equipment	(72 436 000)	10 012 000	-		(62 424 000)	(42 287 203)	-	20 136 797	68%	58%
Proceeds on Disposal of Biological Assets	-	-	-		-	55 258	-	55 258	0%	0%
Cash Flows from/(used in) Financing Activities										
New Loans raised	-	-	-		-	-	-	-	0%	0%
Loans repaid	272 000	-	-		272 000	(340 210)	-	(612 210)	-125%	-125%
Net Increase / (Decrease) in Cash held	(13 793 000)	3 345 000	-		(10 448 000)	2 693 136	2 514 051	13 141 136	-26%	-20%
Cash and Cash Equivalents at Beginning of the Year	(1 384 000)				(1 384 000)	(1 748 018)				
Cash and Cash Equivalents at End of the Year	(15 177 000)				(11 832 000)	945 122				

30 June 2014

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION									
Current Assets									
Inventories	4 851 000	-	-	4 851 000	790 723	-	(4 060 277)	16%	16%
Inventories Held-for-Sale	-	-	-	-	-	-	-	0%	0%
Receivables from Exchange Transactions	18 208 000	-	-	18 208 000	2 472 749	-	(15 735 251)	14%	14%
Receivables from Non-exchange Transactions	-	-	-	-	738 347	-	738 347	0%	0%
VAT Receivable	-	-	-	-	4 542 713	-	4 542 713	0%	0%
Cash and Cash Equivalents	289 000	-	-	289 000	328 214	-	39 214	114%	114%
Sundry Debtors	1 158 000	-	-	1 158 000	1 004 993	-	(153 007)	87%	87%
Non-Current Assets									
Property, Plant and Equipment	343 256 000	-	-	343 256 000	451 106 805	-	107 850 805	131%	131%
Investment Property	20 519 000	-	-	20 519 000	22 176 665	-	1 657 665	108%	108%
Biological Assets	431 000	-	-	431 000	240 031	-	(190 969)	56%	56%
Intangible Assets	534 000	-	-	534 000	-	-	(534 000)	0%	0%
Non-current Investments	-	-	-	-	285 604	-	285 604	0%	0%
Other Non-Current Assets	113 000	-	-	113 000	-	-	(113 000)	0%	0%
Total Assets	389 359 000	-	-	389 359 000	483 686 845	-	94 327 845	124%	124%
Current Liabilities									
Consumer Deposits	164 000	-	-	164 000	615 562	-	451 562	375%	375%
Payables	1 983 000	-	-	1 983 000	47 857 798	-	45 874 798	2413%	2413%
Deferred grant revenue	-	-	-	-	90 439	-	90 439	0%	0%
Unspent Conditional Grants and Receipts	-	-	-	-	6 072 722	-	6 072 722	0%	0%
Provisions	470 000	-	-	470 000	-	-	(470 000)	0%	0%
Bank Overdraft	4 915 000	-	-	4 915 000	2 076 232	-	(2 838 768)	42%	42%
Current Portion of Long-term Liabilities	-	-	-	-	408 795	-	408 795	0%	0%
Non-Current Liabilities									
Long-term Liabilities	1 262 000	-	-	1 262 000	12 963 859	-	11 701 859	1027%	1027%
Non-current Provisions	18 977 000	-	-	18 977 000	10 508 000	-	(8 469 000)	55%	55%
Total Liabilities	27 771 000	-	-	27 771 000	80 593 407	-	52 822 407	290%	290%
Total Assets and Liabilities	361 588 000	-	-	361 588 000	403 093 437	-	41 505 437	111%	111%
Net Assets (Equity)									
Accumulated Surplus / (Deficit)	361 588 000	-	-	361 588 000	403 093 436	-	41 505 436	111%	111%
Total Net Assets	51 642 000	-	-	361 588 000	403 093 436	-	41 505 436	111%	781%

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL PERFORMANCE									
Revenue from Non-exchange Transactions									
Property Rates	9 271 000	4 633 000	-	13 904 000	5 848 955	-	(8 055 045)	42%	63%
Fair value gains	-	-	-	-	211 931	-	211 931	0%	0%
Fines	3 000 000	(2 500 000)	-	500 000	874 540	-	374 540	175%	29%
Licences and Permits	-	-	-	-	132	-	132	0%	0%
Government Grants and Subsidies Received	59 125 000	(7 000 000)	-	52 125 000	94 606 442	-	42 481 442	181%	160%
Public Contributions and Donations	-	-	-	-	970 424	-	970 424	0%	0%
Revenue from Exchange Transactions									
Service Charges	39 566 000	3 888 000	-	43 454 000	38 157 033	-	(5 296 967)	88%	96%
Rental of Facilities and Equipment	2 469 000	(1 898 000)	-	571 000	574 998	-	3 998	101%	23%
Interest Earned - External Investments	2 000	4 000	-	6 000	175 822	-	169 822	2930%	8791%
Interest Earned - Outstanding Debtors	-	-	-	-	8 084 890	-	8 084 890	0%	0%
Dividends Received	9 000	-	-	9 000	8 925	-	(75)	99%	99%
Other Income	6 515 000	(1 929 000)	-	4 586 000	964 837	-	(3 621 163)	21%	15%
Profit on Sale of livestock	-	-	-	-	43 982	-	43 982	0.00	0.00
Total Revenue	119 957 000	(4 802 000)	-	115 155 000	150 522 911	-	35 367 911	131%	125%
Expenditure									
Employee Related Costs	49 016 000	(480 000)	-	48 536 000	52 766 457	-	4 230 457	109%	108%
Remuneration of Councillors	2 963 000	23 000	-	2 986 000	3 065 340	-	79 340	103%	103%
Depreciation and Amortisation	21 952 000	6 000 000	-	27 952 000	25 776 667	-	(2 175 333)	92%	117%
De-commissioning cost	-	-	-	-	536 155	-	536 155	0%	0%
Impairment Losses	4 748 000	862 000	-	5 610 000	22 456 408	-	16 846 408	400%	473%
Repairs and Maintenance	-	-	-	-	1 698 199	-	1 698 199	0%	0%
Finance Costs	537 000	(225 000)	-	312 000	2 209 096	-	1 897 096	708%	411%
Bulk Purchases	16 000 000	-	-	16 000 000	19 755 688	-	3 755 688	123%	123%
Contracted Services	312 000	(153 000)	-	159 000	5 393 623	-	5 234 623	3392%	1729%
Grants and Subsidies Paid	5 850 000	-	-	5 850 000	-	-	(5 850 000)	0%	0%
General Expenses	33 461 000	1 174 000	-	34 635 000	28 193 557	-	(6 441 443)	81%	84%
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	298 128	-	298 128	0%	0%
Total Expenditure	134 839 000	7 201 000	-	142 040 000	162 149 319	20 109 319	20 109 319	114%	120%
Surplus/(Deficit)	(14 882 000)	(12 003 000)	-	(26 885 000)	(11 626 408)	(20 109 319)	15 258 592	43%	78%
Transfers Recognised - Capital	41 887 000	(2 100 000)	-	39 787 000	-	-	-	0.00	0.00
Contributions Recognised - Capital and Contributed Assets	(49 371 000)	8 004 000	-	(41 367 000)	-	-	-	0.00	0.00
Surplus/(Deficit) after Capital Transfers and Contributions	(22 366 000)	(6 099 000)	-	(28 465 000)	(11 626 408)	(20 109 319)	15 258 592	41%	52%
Surplus/(Deficit for the Year	(22 366 000)	(6 099 000)	-	(28 465 000)	(11 626 408)	(20 109 319)	15 258 592		

Description	Original	Budget	Virement		Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome
	Total									as % of
	Budget	Adjustments			Budget	Outcome	Expenditure		Final Budget	Original Budget
CAPITAL EXPENDITURE PER FUNCTION										
Executive and Council	-	-	-	-	-	78 480	-	78 480	0%	0%
Finance and Administration	331 000	463 000	-	-	794 000	2 704 590	-	1 910 590	341%	817%
Planning and Development	-	-	-	-	-	9 000	-	9 000	0%	0%
Community and Social Services	27 000	(27 000)	-	-	-	2 556 246	-	2 556 246	0%	0%
Housing	-	-	-	-	-	312	-	312	0%	0%
Sport and Recreation	3 022 000	(219 000)	-	-	2 803 000	22 768 924	-	19 965 924	812%	753%
Waste Management	11 864 000	-	-	-	11 864 000	-	-	(11 864 000)	0%	0%
Roads and Transport	7 230 000	(6 230 000)	-	-	1 000 000	-	-	(1 000 000)	0%	0%
Water	25 116 000	(1 992 000)	-	-	23 124 000	11 021 396	-	(12 102 604)	48%	44%
Electricity	1 781 000	-	-	-	1 781 000	3 684 211	-	1 903 211	207%	207%
Total Sources of Capital Funds	49 371 000	(8 005 000)	-	-	41 366 000	42 823 159	-	1 457 159	104%	87%
CASH FLOW										
Cash Flows from/(used in) Operating Activities										
Cash Receipts from Ratepayers, Government and Other	157 083 000	(8 263 000)	-	-	148 820 000	97 465 791	-	(51 354 209)	65%	62%
Cash Paid to Suppliers and Employees	(105 969 000)	(1 078 000)	-	-	(107 047 000)	(66 014 325)	-	41 032 675	62%	62%
Dividends received	9 000	-	-	-	9 000	8 925	-	(75)	99%	99%
Interest received	5 000	500 000	-	-	505 000	175 822	-	(329 178)	35%	3516%
Interest paid	(605 000)	366 000	-	-	(239 000)	(181 906)	57 094	57 094	76%	30%
Transfers and Grants	(5 850 000)	-	-	-	(5 850 000)	-	-	5 850 000	0%	0%
Cash Flows from/(used in) Investing Activities										
Purchase of Property, Plant and Equipment	(49 371 000)	8 004 000	-	-	(41 367 000)	(34 113 495)	-	7 253 505	82%	69%
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	252 482	-	252 482	0%	0%
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	-	0%	0%
Cash Flows from/(used in) Financing Activities										
New Loans raised	5 800 000	(5 800 000)	-	-	-	456 934	-	456 934	0%	8%
Increase / (Decrease) in Consumer deposits	60 000	(60 000)	-	-	-	-	-	-	0%	0%
Net Increase / (Decrease) in Cash held	1 162 000	(6 331 000)	-	-	(5 169 000)	(1 949 772)	57 094	3 219 228	38%	-168%

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2014/15		2013/14
	R		R
Net surplus/(deficit) per the statement of financial performance	2 306 116		(11 626 409)
Revenue from Non-exchange Transactions			
Property Rates	8 071 511		8 055 045
Fines	1 361 150		(374 540)
Licences and Permits	(545)		(132)
Government Grants and Subsidies Received	(51 276 004)		(42 481 442)
Public Contributions and Donations	(1 357 959)		(970 424)
Revenue from Exchange Transactions			
Service Charges	4 822 797		5 296 967
Rental of Facilities and Equipment	(460 164)		(3 998)
Interest Earned - External Investments	(122 246)		(169 822)
Interest Earned - Outstanding Debtors	(805 766)		(8 084 890)
Dividends Received	11 933		75
Fair Value Gains	(65 770)		(211 931)
Other Revenue	5 840 726		3 621 163
Profit on sale of Livestock	(55 263)		(43 982)
Expenditure			
Employee Related Costs	1 315 776		4 230 457
Remuneration of Councillors	170 314		79 340
Depreciation and Amortisation	(2 991 585)		(2 175 333)
De-commissioning cost	536 155		536 156
Impairment Losses	7 152 381		16 846 408
Repairs and Maintenance	2 161 467		1 698 199
Finance Costs	1 871 053		1 897 096
Bulk Purchases	4 037 805		3 755 688
Contracted Services	3 075 924		5 234 623
Grants and Subsidies Paid	(4 951 364)		(5 850 000)
General Expenses	(9 147 857)		(6 441 443)
Loss on Disposal of Property, Plant and Equipment	355 416		298 128
Net surplus/deficit per approved budget	(28 144 000)		(26 885 000)

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2015 and 30 June 2014 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1. 2. 1 Revenue Recognition

Accounting Policy 11.2 on *Revenue from Exchange Transactions* and Accounting Policy 11.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from non-exchange transactions. In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 2. 2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 8.1 on *Financial Assets Classification* and Accounting Policy 8.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: *Financial Instruments* .

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

1. BASIS OF PRESENTATION (continued)

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 3Impairment of Financial Assets

Accounting Policy 8.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments* and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness.

This was performed per service-identifiable categories across all classes of debtors.

1. 2. 4Useful lives of Property, Plant and Equipment and Intangible assets

As described in Accounting Policies 3.3 the municipality depreciates / amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1. 2. 5Impairment: Write down of Property, Plant and Equipment, Intangible assets, Heritage assets and Inventories

Accounting Policy 7 on *PPE - Impairment of assets* and Accounting Policy 5.2 on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 9.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: *Impairment of Cash generating Assets* and GRAP 26: *Impairment of non-Cash generating Assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management.

1. 2. 6Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via manual level meters, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Refer to Note 9.2 of the accounting policy to the Annual Financial Statements.

1. 2. 7 Defined Benefit Plan Liabilities

As described in Accounting Policy 13, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 46 to the Annual Financial Statements. No liability existed at year end.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

1. BASIS OF PRESENTATION (continued)

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 8Provisions and contingent liabilities

Provision for Rehabilitation of Refuse Landfill Sites

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- (a) changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- (b) the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- (c) if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.16 and 1.17.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined have been applied and projected at an inflation rate of 6% (2014: 6%) and discounted to the present value at the long-term treasury bond rate adjusted for specific risk factors as stated below.

	Matlake ng	Rouxvil le	Smithfi eld
Long term treasury bond rate	7,85%	8,75%	8,75%
<i>Adjusted for:</i>			
The landfill site was fenced off previously, but the fencing has been stolen.	0,10%	0,10%	0,10%
There are no weight bridge and no records are kept of vehicles entering the site.	0,35%	0,35%	0,35%
There no are control over waste types entering the site. This may lead to possible dangerous and hazards material being dumped in the site.	0,53%	0,53%	0,53%
No traces of medical waste were identified.	-0,45%	-0,45%	-0,45%
Net discounting factor	8,38%	9,28%	9,28%

Rehabilitation on the Zastron site are to commence in 2016 and as a result the time value of money will have no effect and the provision will thus not be discounted.

1. 2. 9Budget information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the notes to the annual financial statements

1. 3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005

GRAP 20 Related Party Disclosures (Revised)

GRAP 105 Transfers between entities under common control - issued November 2010

GRAP 106 Transfers between entities not under common control - issued November 2010

GRAP 107 Mergers - issued November 2010

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

1. BASIS OF PRESENTATION (continued)

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

GRAP 18 - Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

GRAP 20 – Related party disclosures

The effective date of the standard has not been determined yet. The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the Municipality is expected.

GRAP 105 – Transfer of Function Between Entities Under common Control

This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. The standard is only expected to have an impact on the Municipality in respect of any future transfers of functions. This standard does not yet have an effective date.

GRAP 106 – Transfer of Function Between Entities Not Under common Control

This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Municipality will enter into any such transactions in the near future. This standard does not yet have an effective date.

GRAP 107 – Mergers

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Municipality in the foreseeable future. This standard does not yet have an effective date.

2. ACCUMULATED SURPLUS

Accumulated surplus is updated on a yearly basis with the net deficit or net loss, whichever is applicable for the financial period's results.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding properties held for transfer, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition infrastructure are carried at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 2 Subsequent Measurement (continued)

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

3. 3 Depreciation

Land is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
Infrastructure		Buildings	
Roads and Paving	100		20 - 100
<u>Significant components:</u>		Other	
Road surface - Gravel	10	Specialist Vehicles	10
Road structural layer (access)	25 - 40	Other Vehicles	7
Road surface - Bituminous	30 - 40	Office Equipment	4 - 7
Road structural layer - Collector	50	Furniture and Fittings	4 - 7
Road structural layer - Distributor	30	Bins and Containers	4
Road surface - Concrete block	30	Specialised Plant and Equipment	10
Electricity	45 - 50	Community	
<u>Significant components:</u>		Recreational Facilities	15 - 80
Mini-Sub	45	Security	5
MV Power Transformer	45		
MV Switch gear - circuit breaker	45		
MV Switch gear - isolating link	30		
Circuit breaker panel	50		
Battery charger	45		
Water	20 - 80		
Sewerage	40 - 80		
Landfill Sites	5 - 100		

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3. 5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. 6 Land

Land is not depreciated as it is deemed to have an indefinite useful life.

3. 7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

3. 8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

3. 9 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

4. Heritage Assets

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

4. 1 Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

4. 2 Subsequent Measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

4. 3 Derecognition of Heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

Transitional provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 year for the measurement of heritage assets.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

5. INTANGIBLE ASSETS

5. 1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21 / GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the

cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

5. 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

5. INTANGIBLE ASSETS

(continued) 5. 3

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Transitional provisions

Intangible assets recognised in terms of GRAP 102 have been presented for the financial year ended 30 June 2011 (and retrospectively where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4.

6. INVESTMENT PROPERTY

6. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;

- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

6. 2 Subsequent Measurement - Fair Value Model

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation (30 July 2014). Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

6. 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

7. IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

7. 1. Impairment of Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset"

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

7. 2 Impairment of Non-Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

7. IMPAIRMENT OF ASSETS (continued)

7. 2 Impairment of Non-Cash generating assets (continued)

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

8. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value methods and assumptions

The fair values of financial instruments are

determined as follows: The fair values of quoted

investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The effective interest rate method Amortised cost

The entity uses an appropriate interest rate, taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances, to discount future cash flows. The entity used the following in arriving at the effective interest rate used:

No	Consideration	Inputs related to the consideration
1	Base rate used as starting point	Prime rate of lending 9,5%
2	Adjustments for industry risks	None
3	Adjustment for entity risks	None

8. 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Financial assets measured at fair value are financial assets that meet either of the following conditions:

- (a) derivatives;
- (b) combined instruments that are designated at fair value
- (c) instruments held for trading.
- (d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

8. FINANCIAL INSTRUMENTS (continued)

8. 1 Financial Assets - Classification (continued)

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Non-Current Investments	Financial asset at fair value
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost
Investments in Fixed Deposits	Financial asset at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

8. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Financial liabilities measured at fair value or
- (ii) Financial liabilities measured at amortised cost
- (iii) Financial liabilities measured at cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Liabilities	Classification in terms of GRAP 104
Long term Liabilities (excluding Centlec payable)	Financial liability at amortised cost
Long term Liabilities (Centlec payable)	Financial liability at cost
Other Creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term Loans	Financial liability at amortised cost
Current portion of Long-Term Liabilities	Financial liability at amortised cost

Financial liabilities that are measured at fair value financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

8. 3 Initial and Subsequent Measurement

8. 3. 1 Financial Assets:

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. .

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

8. FINANCIAL INSTRUMENTS (continued)

8. 3 Initial and Subsequent Measurement (continued)

8. 3. 2 *Financial Liabilities:*

Financial liabilities measured at fair value

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities measured at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, including consumer deposits, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

8. 4 Impairment of Financial Assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Financial assets carried at amortised cost

Accounts receivables encompasses long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets

carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

Impairment of Financial Assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

8. FINANCIAL INSTRUMENTS (continued)

8. 5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

8. 6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

9. INVENTORIES

9. 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9. 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the

inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties

Unsold properties are valued at Fair Value as determined at year end.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. INVENTORIES (continued)

9. 2 Subsequent Measurement (continued)

Redundant and slow-moving inventories

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

10. NON-CURRENT ASSETS HELD-FOR-SALE

10. 1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

10. 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial

Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

11. REVENUE RECOGNITION

11. 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

11. REVENUE RECOGNITION (continued)

11. 2 Revenue from Exchange Transactions

11. 2. 1 Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

11. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

11. 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

11. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

11. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

11. 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the

goods.

- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

11. 2. 7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

11. 2. 8 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

11. REVENUE RECOGNITION (continued)

11. 3 Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

11. 3. 1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

11. 3. 2 Fines

Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the entity and the amount of the revenue can be measured reliably.

Fines consist of spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

11. 3. 3 Public contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

11. REVENUE RECOGNITION (continued)

11. 3 Revenue from Non-exchange Transactions (continued)

11. 3. 4 *Government Grants and receipts*

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional Grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when expenses are incurred to construct the items of property, plant and equipment.

11. 3. 5 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

12. PROVISIONS

Provisions for environmental restoration, rehabilitation, restructuring costs and legal claims are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any

compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

13. EMPLOYEE BENEFITS

13. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

13. 2 Post employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

13. 2 1 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

13. 3 Defined Benefit Plans

A **defined benefit plan** is a post- employment benefit plan other than a defined contribution plan.

13. 3. 1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

13. 3. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms

of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance

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13. EMPLOYEE BENEFITS

13. 3 Defined Benefit Plans (continued)

13. 3. 3 *Provincially-administered Defined Benefit Plans*

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

13. 3. 4 *Defined benefit pension plans*

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense

when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are accounted for using the "corridor method". Actuarial gains and losses are eligible for recognition in the Statement of Financial

Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

14. LEASES

Lease Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

14. 1 The Municipality as Lessee

Finance leases

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

14. LEASES (continued)

14. 1 The Municipality as Lessee (continued)

Operating leases

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

14. 2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

14. 3 Determining whether an arrangement contains a lease

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Municipality separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Municipality's incremental borrowing rate.

15. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2014 in accordance with the requirements of GRAP 5. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed. Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the

activities necessary to prepare that part.

16. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17. VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Council will implement investigations on the unauthorised expenses. If a liable person has been identified and the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Council will implement investigations on the irregular expenses. If a liable person has been identified and the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Council will implement investigations on the irregular expenses. If a liable person has been identified and the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 35 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 36 to the Annual Financial Statements for details of corrections of errors recorded during the period

under review.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Related parties to management will be disclosed regardless if any transactions took place between the Municipality and the related parties. All transactions that took place between the Municipality and any related party will be disclosed in the financial statements at its monetary value.

23. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

24. COMPARATIVE INFORMATION

24. 1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

24. 2 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2012 to 30 June 2014.

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

MOHOKARE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2015**

27. CAPITAL COMMITMENTS

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

28. BIOLOGICAL ASSETS

A biological asset is described as a living animal or plant which is under the control of the Municipality wherefore the fair value or cost can be determined reliably.

Initial recognition

Biological assets shall be initially recognised at purchase cost when purchased or fair value in the case of newborn animals or donated plants.

The determination of fair value for a biological asset may be facilitated by grouping biological assets according to significant attributes; for example, by age or quality. The Municipality selects the attributes corresponding to the attributes used in the market as a basis for pricing.

Subsequent Measurement

The fair value of the biological assets shall be determined on an annual basis.

Gains and losses

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset shall be included in surplus or deficit for the period in which it arises.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. GENERAL INFORMATION

Mohokare Local Municipality ("the municipality") is a local government institution in Zastron, Smithfield and Rouxville towns in the Xhariep district, Free State Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

	2015	2014
		R
Maintenance Materials - at cost	336 137	223 527
Spare Parts - at cost	404 379	544 051
Water - at cost	24 492	23 145
Total Inventories	765 008	790 723
Consumable Inventory Expensed during the financial period	374 465	990 013

The cost of water production for the year amounted to R4,33 per kilolitre (2014: R2,53 per kilolitre) in Zastron, R5,45 per kilolitre (2014: R3,02 per kilolitre) in Rouxville and R4,10 per kilolitre (2014: R7,13 per kilolitre) in Smithfield.

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2015			
Service Debtors:	79 865 795	74 747 072	5 118 723
Electricity	1 799 670	364 010	1 435 660
Refuse	17 758 727	17 259 741	498 986
Sewerage	23 941 811	22 420 777	1 521 034
Water	36 365 587	34 702 544	1 663 044
Other Receivables	1 716 589	1 452 064	264 523
Housing	1 707 828	1 443 304	264 523
Other Debtors	8 761	8 761	-
Total Receivables from Exchange Transactions	81 582 384	76 199 136	5 383 247

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	63 833 233	61 500 655	2 332 577
Electricity	771 770	220 417	551 353
Refuse	14 296 840	14 103 546	193 293
Sewerage	18 965 204	18 218 025	747 179
Water	29 799 419	28 958 668	840 751
Other Receivables	10 936 599	10 796 430	140 171
Housing	1 090 630	975 177	115 453
Other Debtors	9 845 969	9 821 252	24 717
Total Receivables from Exchange Transactions	74 769 831	72 297 085	2 472 749

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications for connections to services like electricity and water, that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no individual consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2015, the municipality is owed R2 290 957 (30 June 2014: R1 364 548) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratio's of the municipality's Receivables.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2015

	Current 0 - 30 days	31 - 60 Days	Past Due 61 - 90 Days	+ 90 Days	Total
Electricity:					
Gross Balances	611 667	61 653	116 877	1 009 473	1 799 670
Less: Provision for Impairment	-	-	-	364 010	364 010
Net Balances	611 667	61 653	116 877	645 462	1 435 660
Refuse:					
Gross Balances	477 244	436 731	427 162	16 417 589	17 758 726
Less: Provision for Impairment	409 630	396 829	395 530	16 057 752	17 259 741
Net Balances	67 614	39 902	31 632	359 838	498 985
Sewerage:					
Gross Balances	742 807	652 032	630 589	21 916 383	23 941 811
Less: Provision for Impairment	549 110	532 237	532 653	20 806 779	22 420 778
Net Balances	193 698	119 795	97 936	1 109 604	1 521 033
Water:					
Gross Balances	2 193 891	1 122 297	1 132 889	31 916 510	36 365 587
Less: Provision for Impairment	2 039 006	1 014 117	1 024 200	30 625 221	34 702 544
Net Balances	154 885	108 179	108 689	1 291 290	1 663 044
Other Receivables:					
Gross Balances	76 412	65 249	65 356	1 509 572	1 716 590
Less: Provision for Impairment	46 341	41 683	42 493	1 321 549	1 452 065
Net Balances	30 071	23 566	22 863	188 023	264 524

As at 30 June 2015 Receivables of R4 325 311 were past due but not impaired. The age analysis of these Receivables are as follows:

	31 - 60 Days	Past Due 61 - 90 Days	+ 90 Days	Total
All Receivables:				
Gross Balances	2 337 961	2 372 874	72 769 527	77 480 362
Less: Provision for Impairment	1 984 866	1 994 875	69 175 310	73 155 051
Net Balances	353 096	377 998	3 594 217	4 325 311

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Electricity:

Gross Balances	27	27	27	771 688	771 770
Less: Provision for Impairment	27	27	27	220 335	220 417
Net Balances	-	-	-	551 353	551 353

Refuse:

Gross Balances	338 276	328 350	321 150	13 309 065	14 296 840
Less: Provision for Impairment	306 537	309 481	307 755	13 179 774	14 103 546
Net Balances	31 739	18 869	13 396	129 291	193 294

Sewerage:

Gross Balances	504 232	491 653	462 532	17 506 788	18 965 204
Less: Provision for Impairment	407 128	413 430	410 991	16 986 476	18 218 025
Net Balances	97 104	78 222	51 541	520 312	747 179

Water:

Gross Balances	1 115 937	966 562	805 369	26 911 551	29 799 419
Less: Provision for Impairment	896 684	889 422	755 427	26 417 134	28 958 668
Net Balances	219 253	77 140	49 941	494 417	840 751

Other Receivables:

Gross Balances	51 896	19 635	18 680	10 846 388	10 936 599
Less: Provision for Impairment	40 477	10 620	11 226	10 734 106	10 796 429
Net Balances	11 418	9 015	7 454	112 283	140 171

As at 30 June 2014 Receivables of R2 113 235 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	1 806 227	1 607 758	69 345 480	72 759 466
Less: Provision for Impairment	1 622 982	1 485 426	67 537 824	70 646 231
Net Balances	183 246	122 333	1 807 656	2 113 235

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
As at 30 June 2015					
<i>Current:</i>					
0 - 30 days	2 999 976	1 418 966	531 345	24 074	4 974 361
<i>Past Due:</i>					
31 - 60 Days	2 103 228	158 423	61 030	15 281	2 337 961
61 - 90 Days	2 085 067	204 758	66 913	18 565	2 375 304
+ 90 Days	<u>67 727 746</u>	<u>2 560 464</u>	<u>1 047 052</u>	<u>559 495</u>	<u>71 894 758</u>
Sub-total	74 916 017	4 342 612	1 706 340	617 415	81 582 384
Less: Provision for Impairment	<u>72 523 087</u>	<u>3 133 646</u>	<u>-</u>	<u>542 404</u>	<u>76 199 137</u>
Total Trade Receivables by Customer Classification	<u>2 392 930</u>	<u>1 208 966</u>	<u>1 706 340</u>	<u>75 011</u>	<u>5 383 247</u>

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
As at 30 June 2014					
<i>Current:</i>					
0 - 30 days	1 987 221	347 140	162 284	14 659	2 511 305
<i>Past Due:</i>					
31 - 60 Days	1 856 074	68 619	56 449	13 673	1 994 816
61 - 90 Days	1 511 072	52 591	35 390	12 208	1 611 262
+ 90 Days	<u>64 834 732</u>	<u>2 703 963</u>	<u>666 533</u>	<u>596 794</u>	<u>68 802 021</u>
Sub-total	70 189 100	3 172 313	920 656	637 334	74 919 404
Less: Provision for Impairment	<u>69 049 748</u>	<u>2 786 137</u>	<u>24</u>	<u>610 745</u>	<u>72 446 655</u>
Total Trade Receivables by Customer Classification	<u>1 139 351</u>	<u>386 176</u>	<u>920 632</u>	<u>26 589</u>	<u>2 472 749</u>

2015
2014
R

3.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	72 297 085	64 400 423
All Consumer Debtors	<u>72 297 085</u>	<u>64 400 423</u>
Impairment Losses recognised - Including VAT	21 950 120	23 314 836
All Consumer Debtors	<u>21 950 120</u>	<u>23 314 836</u>
Amounts written off as uncollectable	(18 048 068)	(15 418 174)
All Consumer Debtors	<u>(18 048 068)</u>	<u>(15 418 174)</u>
Balance at end of year	<u>76 199 136</u>	<u>72 297 085</u>

In determining the recoverability of a Receivable, the municipality considers the past payment history of the receivable from the date credit was initially granted up to the reporting date. Furthermore, the municipality has also placed a strong emphasis on verifying the indigent status of consumers. The concentration of credit risk is limited due to the customer base being spread over a large number of consumers and is not concentrated in any particular sector. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

Mohokare Local Municipality
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3.4 Ageing of impaired Receivables from Exchange Transactions	2015	2014
		R
<i>Current:</i>		
0 - 30 Days	3 044 087	1 650 853
<i>Past Due:</i>		
31 - 60 Days	1 984 866	1 622 982
61 - 90 Days	1 994 875	1 485 426
+ 90 Days	69 175 310	67 537 824
Total	76 199 138	72 297 084

3.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2015			
Assessment Rates Debtors	9 974 783	8 495 968	1 478 815
Levies	6 942 153	6 864 200	77 952
Total Receivables from Non-exchange Transactions	16 916 936	15 360 169	1 556 767
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Assessment Rates Debtors	7 629 180	6 916 794	712 387
Levies	6 860 704	6 834 744	25 960
Total Receivables from Non-exchange Transactions	14 489 884	13 751 538	738 347

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2015

	Current 0 - 30 days	31 - 60 Days	Past Due 61 - 90 Days	+ 90 Days	Total
Assessment Rates:					
Gross Balances	91 805	69 166	81 868	9 731 943	9 974 783
Less: Provision for Impairment	67 108	53 567	56 004	8 319 300	8 495 980
Net Balances	24 697	15 599	25 864	1 412 643	1 478 803
Levies:					
Gross Balances	25 019	23 775	23 587	6 869 771	6 942 153
Less: Provision for Impairment	23 813	22 858	22 793	6 794 737	6 864 200
Net Balances	1 206	917	794	75 035	77 952

As at 30 June 2015 Receivables of R1 530 853 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
All Receivables:				
Gross Balances	92 942	105 455	16 601 715	16 800 112
Less: Provision for Impairment	76 425	78 797	15 114 037	15 269 259
Net Balances	16 516	26 658	1 487 678	1 530 853

As at 30 June 2014

	Current 0 - 30 days	31 - 60 Days	Past Due 61 - 90 Days	+ 90 Days	Total
Assessment Rates:					
Gross Balances	48 562	51 484	47 548	7 481 586	7 629 180
Less: Provision for Impairment	42 295	46 148	42 554	6 785 796	6 916 793
Net Balances	6 267	5 336	4 994	695 790	712 387
Levies:					
Gross Balances	102 895	101 903	100 818	6 555 087	6 860 704
Less: Provision for Impairment	99 066	99 526	99 476	6 536 676	6 834 744
Net Balances	3 829	2 377	1 342	18 411	25 960

As at 30 June 2014 Receivables of R728 251 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due 61 - 90 Days	+ 90 Days	Total

All Receivables:
Gross Balances
Less: Provision for Impairment

Net Balances

153 387	148 366	14 036 673	14 338 427
145 674	142 030	13 322 472	13 610 176
7 713	6 337	714 201	728 251

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4.2 Summary of Assessment Rates Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
As at 30 June 2015					
<u>Current:</u>					
0 - 30 days	66 646	45 690	4 404	85	116 824
<u>Past Due:</u>					
31 - 60 Days	43 801	44 696	4 404	41	92 942
61 - 90 Days	44 872	44 050	16 493	41	105 455
+ 90 Days	10 779 955	5 217 906	559 317	44 537	16 601 715
Sub-total	10 935 274	5 352 341	584 617	44 703	16 916 936
Less: Provision for Impairment	10 411 688	4 905 976	-	42 505	15 360 169
Total Rates Debtors by Customer Classification	523 586	446 365	584 617	2 199	1 556 767
	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
As at 30 June 2014					
<u>Current:</u>					
0 - 30 days	117 687	32 327	1 009	435	151 458
<u>Past Due:</u>					
31 - 60 Days	120 223	31 729	1 008	428	153 388
61 - 90 Days	115 576	31 358	1 008	425	148 367
+ 90 Days	9 718 196	3 822 639	440 891	54 947	14 036 673
Sub-total	10 071 682	3 918 052	443 916	56 235	14 489 886
Less: Provision for Impairment	9 956 897	3738639,8	-	56 001	13 751 538
Total Rates Debtors by Customer Classification	114 785	179 412	443 916	234	738 348
				2015	2014
					R

4.3 Reconciliation of Provision for Impairment

Balance at beginning of year	13 751 538	12 721 108
Assessment Rates Debtors	13 751 538	12 721 108
Impairment Losses recognised	2 252 964	1 303 633
Assessment Rates Debtors	2 252 964	1 303 633
Amounts written off as uncollectable	(644 333)	(273 203)
Assessment Rates Debtors	(644 333)	(273 203)
Balance at end of year	15 360 168	13 751 538

4.4 Sundry Debtors

	1 957 252	1 004 996
Traffic fines	1 631 642	617 850
Payments made in advance	10	10
Other Sundry Debtors	325 600	387 136

4.4.1 Reconciliation of Traffic fines

Balance at beginning of year	617 850	
Traffic fines issued during the year	1 638 850	874 540
Payments received	(265 750)	(126 240)
Written off as bad debt	(114 850)	
Provision for impairment	(244 458)	(130 450)
Closing balance	1 631 642	617 850

Mohokare Local Municipality**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****5. VAT RECEIVABLE / (PAYABLE)**

Vat Payable.

Vat Receivable.

Vat Receivable / (Payable)

(2 577 958)	(1 885 946)
15 789 776	6 428 659
13 211 818	4 542 713

The Municipality is registered on the payment basis, therefore input and output VAT is declared based on the cashflow of the Municipality.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

6. CASH AND CASH EQUIVALENTS

Current Investments

Bank Accounts

Bank Overdraft

Cash and Cash Equivalents

168 952

774 991

-

1 180

163 083

163 951

(2 076 232)

1 180

Total Bank, Cash and Cash Equivalents**945 122****(1 748 018)**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits

Deposits available for Operations

168 952

168 952

163 083

163 083

Total Deposits attributable to Commitments of the Municipality**168 952****163 083****6.2 Bank Accounts**

Cash in Bank

Bank Overdraft

774 991

-

163 951

(2 076 232)

Total Bank Accounts**774 991****(1 912 281)**

Mohokare Local Municipality**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

The Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank - Zastron Branch, Zastron - ChequeAccount Number 4052654487:

	2015 R	2014 R
Cash book balance at beginning of year	(2 076 232)	(86 319)
Cash book balance at end of year	564 289	(2 076 232)
Bank statement balance at beginning of year	(2 174 706)	55 885
Bank statement balance at end of year	358 642	(2 174 706)

Other Bank Accounts

ABSA Bank - Zastron Branch, Zastron - Savings Account Number 2810000018:

Cash book balance at beginning of year	(137)	526
Cash book balance at end of year	901	(137)
Bank statement balance at beginning of year	(137)	526
Bank statement balance at end of year	901	(137)

Standard Bank - Zastron Branch, Zastron - ChequeAccount Number 041952766:

Cash book balance at beginning of year	81 007	5 549
Cash book balance at end of year	139 097	81 007
Bank statement balance at beginning of year	81 007	5 549
Bank statement balance at end of year	139 097	81 007

First National Bank - Zastron Branch, Zastron - ChequeAccount Number 53593549308:

Cash book balance at beginning of year	83 081	4 212
Cash book balance at end of year	70 703	83 081
Bank statement balance at beginning of year	83 202	4 212
Bank statement balance at end of year	70 824	83 202

An amount of R7 503 181 (2014: R6 072 722) is attributable to Unspent Conditional Grants.

At year-end, the municipality had a positive bank balance of R358 642 on its current account. The municipality has an overdraft facility available on the current account with their banker and will incur interest on the overdrawn current account when applicable. The municipality also has a facility to an amount of R150 000 with its banker relating to fleet cards is also Interest is earned at different rates per annum on favourable balances.

6.3 Cash and Cash Equivalents

Cash Floats and Advances	1 180	1 180
Total Cash on hand in Cash Floats, Advances and Equivalents	1 180	1 180

A Pledge of R25 000 in favour of Eskom is held with First National Bank. A Limited cession of R20 000 is held with ABSA Bank

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

Mohokare Local Municipality
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

7 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-Structure	Community	Other	Assets under Finance-Leases	Total
Restated	R	R	R	R	R	R
Carrying values at 1 July 2014	16 940 589	373 950 116	51 214 807	8 238 239	763 053	451 106 805
Cost	38 506 302	674 792 641	124 891 426	13 849 675	2 136 120	854 176 164
- Completed Assets	38 506 302	616 411 262	122 219 109	13 849 675	2 136 120	793 122 468
- Under Construction	-	58 381 379	2 672 317	-	-	61 053 696
Accumulated Impairment Losses	(137 214)	-	-	(262 346)	-	(399 559)
Accumulated De-commissioning	-	-	(2 829 826)	-	-	(2 829 826)
Accumulated Depreciation:	(21 428 499)	(300 842 525)	(70 846 793)	(5 349 090)	(1 373 067)	(399 839 974)
- Cost	-21 428 499	-300 842 525	-70 846 793	-5 349 090	-1 373 067	-399 839 974
Acquisitions	159 312	5 652 856	2 790 037	1 558 298	-	10 160 503
Capital under Construction - Completed:	-	5 652 856	2 737 642	-	-	8 390 497
At cost	159 312	-	52 395	1 558 298	-	1 770 005
Capital under Construction - Not completed:	-	42 884 724	942 518	-	-	43 827 242
Depreciation:	(341 002)	(22 218 695)	(1 447 716)	(1 316 416)	(292 586)	(25 616 415)
- Based on Cost	(341 002)	(22 218 695)	(1 447 716)	(1 316 416)	(292 586)	(25 616 415)
De-Commissioning costs	-	-	(536 155)	-	-	(536 155)
Carrying value of Disposals:	-	-	-	(355 416)	-	(355 416)
- Cost	-	-	-	(790 652)	-	(790 652)
- Accumulated Depreciation	-	-	-	435 236	-	435 236
- Accumulated Impairments	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
- Impairment Losses	-	-	-	(54 299)	-	(54 299)
Carrying values at 30 June 2015	16 758 899	394 616 145	50 225 849	8 070 407	470 467	470 141 771
Cost	38 665 614	717 677 365	125 886 340	14 617 321	2 136 120	898 982 760
- Completed Assets	38 665 614	622 064 117	125 009 146	14 617 321	2 136 120	802 492 319
- Under Construction	-	95 613 247	877 193	-	-	96 490 441
Accumulated Impairment Losses	(137 214)	-	-	(316 645)	-	(453 858)
Accumulated De-commissioning	-	-	(3 365 981)	-	-	(3 365 981)
Accumulated Depreciation:	(21 769 501)	(323 061 220)	(72 294 509)	(6 230 270)	(1 665 653)	(425 021 153)
- Cost	(21 769 501)	(323 061 220)	(72 294 509)	(6 230 270)	(1 665 653)	(425 021 153)

Description	Land and Buildings	Infra-Structure	Community	Other	Assets under Finance-Leases	Total
Carrying values at 1 July 2013	17 246 913	368 006 027	50 295 901	7 998 642	154 639	443 702 121
Cost	38 506 302	647 006 328	121 963 976	12 395 133	1 291 611	821 163 350
- Completed Assets	38 506 302	582 393 041	119 515 602	12 395 133	1 291 611	754 101 688
- Under Construction	-	64 613 288	2 448 374	-	-	67 061 662
Accumulated Impairment Losses	(137 214)	-	-	(17 127)	-	(154 341)
Accumulated De-commissioning	-	-	(2 293 670)	-	-	(2 293 670)
Accumulated Depreciation:	(21 122 176)	(279 000 302)	(69 374 404)	(4 379 364)	(1 136 972)	(375 013 217)
- Cost	(21 122 176)	(279 000 302)	(69 374 404)	(4 379 364)	(1 136 972)	(375 013 217)
Acquisitions	-	61 796 979	5 483 072	2 703 108	844 509	70 827 667
Re-assessment of Landfill Provision	-	7 556	-	2 703 108	844 509	3 555 173
Capital under Construction - Completed:	-	34 010 666	2 555 621	-	-	36 566 287
Capital under Construction - Not completed:	-	27 778 757	2 779 564	-	-	30 558 322
Depreciation:	(306 324)	(21 842 223)	(1 472 389)	(1 919 636)	(236 095)	(25 776 667)
- Based on Cost	(306 324)	(21 842 223)	(1 472 389)	(1 919 636)	(236 095)	(25 776 667)
De-Commissioning costs	-	-	(536 155)	-	-	(536 155)
Carrying value of Disposals:	-	-	-	(298 128)	-	(298 128)
- Cost	-	-	-	(1 248 566)	-	(1 248 566)
- Accumulated Depreciation	-	-	-	949 910	-	949 910
- Accumulated Impairments	-	-	-	529	-	529
Other Movements	-	-	-	-	-	-
- Impairment Losses	-	-	-	(245 747)	-	(245 747)
Carrying values at 30 June 2014	16 940 589	373 950 116	51 214 807	8 238 239	763 053	451 106 805
Cost	38 506 302	674 792 641	124 891 426	13 849 675	2 136 120	854 176 164
- Completed Assets	38 506 302	616 411 262	122 219 109	13 849 675	2 136 120	793 122 468
- Under Construction	-	58 381 379	2 672 317	-	-	61 053 696
Accumulated Impairment Losses	(137 214)	-	-	(262 346)	-	(399 559)
Accumulated De-commissioning	-	-	(2 829 826)	-	-	(2 829 826)
Accumulated Depreciation:	(21 428 499)	(300 842 525)	(70 846 793)	(5 349 090)	(1 373 067)	(399 839 974)
- Cost	(21 428 499)	(300 842 525)	(70 846 793)	(5 349 090)	(1 373 067)	(399 839 974)

As at 30 June 2013, the municipality has identified and measured all Property, Plant and Equipment in terms of GRAP 17. The balances of the Property, Plant and Equipment have accordingly been restated retrospectively.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

At Original Cost:

Land and Buildings

Community Assets

Movable assets

2015
R

2014
R

802 142

802 142

10 181 213

10 181 213

1 291 611

1 291 611

Gross Carrying Amount of PPE fully depreciated and still in use

12 274 966

12 274 966

7.2 Carrying Amount of Property, Plant and Equipment held for disposal/Transfer

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.

7.3 Assets pledged as security

The municipality did not pledge any of its assets as security except for electricity assets as referred to in Note 14.1

7.4 Impairment of Property, Plant and Equipment

The amount of R54 299 (2014: R245 747) disclosed for impairment losses on Property, Plant and Equipment is in respect of the condition assessments on Movable Assets during the 2014/15 financial period.

Other Assets: Movables

54 299

245 747

Total Impairment of Property, Plant and Equipment

54 299

245 747

Impairment losses on Property, Plant and Equipment exist predominantly due to an impaired item of Property, Plant and Equipment that has been physically damaged and has become redundant and idle.

8. INVESTMENT PROPERTY

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July

22 176 665

22 176 665

Fair Value

22 176 665

22 176 665

Net Gains / (Losses) from Fair Value Adjustments

-

-

Carrying values at 30 June

22 176 665

22 176 665

Fair Value

22 176 665

22 176 665

Estimated Fair Value of Investment Property at 30 June

22 176 665

22 176 665

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property

804 718

422 734

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

8.1 Investment Property carried at Fair Value

The municipality's Investment Property is valued annually at 30 June at fair value by an independent, professionally qualified, valuer. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

8.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. BIOLOGICAL ASSETS

	2015 R	2014 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	256 500	240 031

The movement in Biological Assets is reconciled as follows:

	Cattle	Horses	Total
Carrying values at 1 July 2014	226 531	13 500	240 031
Fair Value	226 531	13 500	240 031
Acquisitions during the Year (Calves born)	49 500	500	50 000
Gains from Changes in Fair Value	6 219	-	6 219
Losses during the Year	(9 750)	(1 500)	(11 250)
Disposals during the Year:	-	-	-
Decreases due to consumption	(28 500)	-	(28 500)
Losses from Changes in Fair Value	-	-	-
Carrying values at 30 June 2015	244 000	12 500	256 500
Fair Value	244 000	12 500	256 500
Carrying values at 1 July 2013	312 310	14 660	326 970
Fair Value	312 310	14 660	326 970
Acquisitions during the Year (Calves born)	63 428	1 500	64 928
Gains from Changes in Fair Value	113 911	340	114 251
Losses during the Year	(46 441)	(3 000)	(49 441)
Disposals during the Year:	(208 500)	-	(208 500)
Decreases due to consumption	(8 177)	-	(8 177)
Losses from Changes in Fair Value	-	-	-
Carrying values at 30 June 2014	226 531	13 500	240 031
Fair Value	226 531	13 500	240 031

All of the municipality's Biological Assets are held under freehold interests and no Biological Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Biological Assets of the municipality.

9.1 Biological Assets carried at Fair Value

The municipality's Biological Assets is valued annually at 30 June at fair value. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar assets.

The following assumptions were used:

Open market prices

9.2 Non-financial Information

	Cattle	Horses	Cattle	Horses
	2015	2015	2014	2014
2015				
Quantities of each Biological Asset:				
Opening balance	46	9	101	10
Acquisitions during the year	22	1	21	1
Decrease due to sale of assets	0	0	(65)	-
Losses during the year	-3	-1	(9)	(2)
Decreases due to consumption	-6	0	(2)	-
Quantity at 30 June 2015	59	9	46	9

10. INVESTMENTS

Unlisted

Local Authority Stock	345 155	285 604
	345 155	285 604
Total Investments		
All Investments	345 155	285 604
	345 155	285 604
Council's valuation of Unlisted Investments		
Local Authority Stock	345 155	285 604
	345 155	285 604

Unlisted Investments comprise the following:

Local Authority Stock are shares held in OVK Operations Limited. 13 193 Ordinary Shares valued at R13.35 (2014: R10.72) per share and 13 731 Holding Shares valued at R12.31 (2014: R10.50) per share

The fair value of Investments was determined after considering the market value of the shares held with OVK.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11. CONSUMER DEPOSITS

Electricity, Water and other

Total Consumer Deposits

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

2015 R	2014 R
521 730	615 562
521 730	615 562

12. PAYABLES

Trade Creditors

Payments received in Advance

Staff Bonuses

Staff Leave Accrued

Staff Salaries & Third Parties

Water treatment grant paid to Mohokare in error

Total Creditors

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The average credit period on purchases should be 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

The municipality did default on payment of its Creditors. The Municipality have negotiated terms of payment with certain of its long outstanding trade creditors.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

32 466 188	25 128 938
3 913 772	3 787 340
1 175 025	1 200 504
2 685 328	2 983 757
27 278 552	12 045 360
2 711 899	2 711 899
70 230 764	47 857 798

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

13.1 Conditional Grants from Government

National Government Grants

Total Conditional Grants and Receipts

See Note 18 for the reconciliation of Grants from Government. The Unspent Grants are reported to National Treasury. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

8 376 281	6 072 722
8 376 281	6 072 722
8 376 281	6 072 722

Refer to Appendix "F" for more detail on Conditional Grants.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

14. LONG-TERM LIABILITIES

	2015 R	2014 R
Finance Lease Liabilities	462 518	733 315
Government Loans	1 106 929	1 176 342
Other Loans (Centec Capital Loans)	872 545	988 848
Centec Payable	18 384 364	10 474 149
Sub-total	20 826 356	13 372 654
Less: Current Portion transferred to Current Liabilities:-	417 739	408 795
Finance Lease Liabilities	262 571	271 411
Government Loans	155 168	137 384
Total Long-term Liabilities (Neither past due, nor impaired)	20 408 617	12 963 859

14.1 Summary of Arrangements

Finance Lease Liabilities relates to IT Equipment with lease terms of 3 years, vehicles purchased with a term of 5 years and Cellphone devices with a lease term of 2 years. The effective interest rate on Finance Leases is between 8% and 11% (2013: 8% to 11%). Capitalised Lease Liabilities are secured over the items of vehicles and equipment leased. The last payment in respect of the lease relating to IT equipment was made during 2014/15.

Other Loans are repaid over a period of 20 years and at a zero interest rate. Other Loans are secured over assets used to produce electricity.

Government loans relates to a loan from the Development Bank of South Africa (DBSA). The loan are repayable in quarterly installments with the last payment to take place on 31 March 2020. The loan was negotiated at a fixed interest rate of 12,36%.

The Centec payable relates to the amounts owed to Centec in terms of services provided on behalf of the Municipality. This accounts for electricity bulk purchases, electricity sales on behalf of Mohokare Local Municipality, general expenditure incurred in the process of performing these duties as well as distribution losses. No contractual agreement regarding repayment terms, interest rate applicable, maturity date has been agreed and based on past history there is no indication that Centec will demand payment within the next 12 months.

The amortised cost of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

14.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to IT Equipment and Cellphone devices with lease terms not more than 1 year (2014: 2 years) and the purchase of vehicles with a lease term not more than 5 years. The effective interest rate on Finance Leases is between 8% and 11% (2013: 8% and 11%).

The risks and rewards of ownership in respect of the IT Equipment will transfer to the municipality at the conclusion of the agreement.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2015	2014	2015	2014
R	R	R	R	R
Amounts payable under finance leases:				
Within one year	291 445	320 540	291 445	320 540
In the second to fifth years, inclusive	206 117	495 960	206 117	495 960
Over five years	-	-	-	-
	497 562	816 499	497 562	816 499
Less: Future Finance Obligations	(35 044)	(83 184)	(35 044)	(83 184)
Present Value of Minimum Lease Obligations	462 518	733 315	462 518	733 315
Less: Amounts due for settlement within 12 months (Current Portion)			(262 571)	(271 411)
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			199 947	461 904

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment
- Vehicles

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Included in these classes are the following significant leases:

		2015		2014
		R		R
(i) Gestetner (IT Equipment)				
- Installments are payable monthly in advance				
- Average period outstanding		36 months		36 months
- Average effective interest rate	9,43%			9,43%
- Average monthly installment		R 16 850,00		R 16 850,00
(ii) ABSA Vehicle Financing (5 vehicles)				
- Installments are payable monthly in advance				
- Average period outstanding		36 months		36 months
- Average effective interest rate, based on prime	9,25%			9,00%
- Average monthly installment		R 23 250,00		R 23 175,00

14.3 Operating Leases

The municipality has an operating lease agreement for the rental of the Mayor's vehicle with the Free State Provincial Garage.
- Monthly charges are based on km's travelled and a fixed daily tariff of R1 024.

Minimum Operating Lease Payments

	2015		2014
	R		R
Within one year	67 808		67 808
In the second to fifth years, inclusive	-		-
Over five years	-		-
	<u>67 808</u>		<u>67 808</u>

15. PROVISIONS

Non-Current Provisions

Provision for Rehabilitation of Land-fill Sites

	11 384 620	10 508 000
	<u>11 384 620</u>	<u>10 508 000</u>

The movement in Non-current Provisions are reconciled as follows:

	Land-fill R	Sites	Total R
30 June 2015			
Balance at beginning of year	10 508 000		10 508 000
Contributions to provision	876 620		876 620
	<u>11 384 620</u>		<u>11 384 620</u>
Balance at end of year	<u>11 384 620</u>		<u>11 384 620</u>
	Land-fill R	Sites	Total R
30 June 2014			
Balance at beginning of year	9 551 195		9 551 195
Contributions to provision	808 920		808 920
Increase due to re-measurement	147 886		147 886
	<u>10 508 000</u>		<u>10 508 000</u>
Balance at end of year	<u>10 508 000</u>		<u>10 508 000</u>

15.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R18.8 million to restore the sites at the end of its useful life, estimated to be in 2021 for the Matlakeng site, 2031 for the Rouxville and Smithfield sites and 2015 for the Zastron site. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate. The provision was arrived at taking the following main factors into account: location, macro- and micro-environment, soil conditions, topography and market conditions. The effective date of the valuation as performed by Ducharme Consulting is 30 June 2015.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

16. ACCUMULATED SURPLUS

	2015	2014 Restated
	R	R
The Accumulated Surplus consists of the following Internal Funds and Reserves:		
Accumulated Surplus / (Deficit) due to the results of Operations	405 399 553	403 093 438
Total Accumulated Surplus	405 399 553	403 093 438

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 34 "Correction of Errors" for details of the restatements.

Restatement of Accumulated Surplus - Note 34.1

Restatement of PPE - Note 34.2

Restatement of Centlec Payable - Note 34.3

Restatement of Payables - Note 34.4

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

17. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2015 R000's	July 2014 R000's	July 2015	July 2014
Residential	329 142	329 142	3 920 788	3 481 523
Commercial	78 639	78 639	603 232	540 759
Agricultural	2 381 282	2 381 282	3 812 821	3 471 329
State	145 831	145 831	102 827	81 950
Rates Rebates			(1 924 178)	(1 726 605)
Total Property Rates	2 934 894	2 934 894	6 515 489	5 848 955

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate is applied as follows to property valuations to determine property rates:

Residential Properties: 0,7380 c/R (2013/14: 0,6709 c/R)

Commercial Properties: 0,9998 c/R (2013/14: 0,9089 c/R)

State Properties: 0,3489 c/R (2013/14: 0,3172 c/R)

Agricultural Properties: 0,1594 c/R (2013/14: 0,1449 c/R)

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED

	2015 R	2014 R
National Equitable Share	52 966 000	51 873 000
Operational Grants	52 966 000	51 873 000
Conditional / Unconditional Grants	61 604 730	42 455 403
National: FMG	1 800 000	1 650 000
National: MIG	25 462 000	17 887 000
National: MSIG	934 000	890 000
National: RBIG	29 052 274	16 933 222
GOGTA Grant	-	2 775 000
LG SETA	13 411	320 181
Expanded Public Works Programme	1 033 000	1 000 000
National: MWIG	3 310 045	1 000 000
Total Government Grants and Subsidies	114 570 730	94 328 403
Government Grants and Subsidies:		
Conditional Grants – Capital	57 824 319	35 820 222
Conditional Grants – Operational	3 780 411	6 635 181
Unconditional Grants – Capital	-	-
Unconditional Grants – Operational	52 966 000	51 873 000
Total Government Grants and Subsidies	114 570 730	94 328 403
Summary of Transfers:		
Conditions met - transferred to Revenue: Operating Expenses	57 807 114	59 274 442
Conditions met - transferred to Revenue: Capital Expenses	47 976 890	34 746 049
Centlec Electrification Grant	-	585 951
Total Transfers	105 784 004	94 606 442

18.1 National: Equitable Share (Unconditional)

52 966 000	51 873 000
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority. R6,626 million was withheld in the financial period ended 30 June 2015 in respect of conditional grant roll-overs applied for in previous financial years that was disallowed. An amount of R46,340 million was paid to Mohokare during the financial period ended 30 June 2015

18.2 National: FMG Grant (Conditional)

Balance unspent at beginning of year	-	-
Current year receipts	1 800 000	1 650 000
Conditions met - transferred to Revenue: Operating Expenses	(1 800 000)	(1 650 000)
Conditions still to be met - transferred to Liabilities	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

18.3 National: MIG Funds (Conditional)

Balance unspent at beginning of year	4 949 172	12 039 610
Current year receipts	25 462 000	17 887 000
Roll-over withheld on Equitable share	(5 626 000)	(7 000 000)
Conditions met - transferred to Revenue: Operating Expenses	(889 858)	(327 675)
Conditions met - transferred to Revenue: Capital Expenses	(15 766 406)	(17 559 325)
Conditions met - transferred to Deferred Revenue	-	(90 439)
Conditions still to be met - transferred to Liabilities	8 128 908	4 949 172

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18.4 National: MSIG Funds (Conditional)

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	934 000	890 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(934 000)	(890 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities	-	-

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

18.5 National: Regional Bulk Infrastructure Grant (Conditional)

Balance unspent at beginning of year	(253 503)	-
Current year receipts	29 052 274	16 933 222
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(29 052 274)	(17 186 725)
Conditions met - Receivable in the 2014-15 financial period	(253 503)	(253 503)

This grant was used for the operation and maintenance of sewerage and water schemes transferred from RBIG to the municipality and the refurbishment of water infrastructure.

18.6 Expanded Public Works Programme (EPWP) (Conditional)

Balance unspent at beginning of year	-	-
Current year receipts	1 033 000	1 000 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 033 000)	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-

This grant was received for the creation of job opportunities. No funds have been withheld.

18.7 Municipal Water Infrastructure Grant (MWIG)

Balance unspent at beginning of year	1 000 000	-
Roll-over withheld on Equitable share	(1 000 000)	-
Current year receipts	3 310 045	1 000 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(151 834)	-
Conditions met - transferred to Revenue: Capital Expenses	(3 158 211)	-
Conditions still to be met - transferred to Liabilities	-	1 000 000

This grant was received to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.

18.8 COGTA Grant (Unconditional)(Management salaries)

Balance unspent at beginning of year	2 081 200	2 081 400
Current year receipts	-	2 775 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(2 775 200)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities	2 081 200	2 081 200

A grant was received from COGTA for the purpose of assisting the Municipality with payments of Managers salaries. No funds have been withheld. The liability shown is not a liability to COGTA but rather an accounting treatment as Revenue received in advance.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18.9 COGTA Grant (Conditional) (Water pumps)

Balance unspent at beginning of year	377 053	815 439
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(19 010)	(438 386)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>358 043</u>	<u>377 053</u>

A grant was received from COGTA for the purpose of assisting the Municipality with the replacement of old and redundant water pumps necessary for service delivery. No funds have been withheld.

18.10 LG SETA training grant (Unconditional)

Balance unspent at beginning of year	-	-
Current year receipts	13 411	320 181
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(13 411)	(320 181)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

This grant was utilised for the training and schooling of staff. No funds have been withheld.

18.11 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2011), government grant funding is expected to increase over the forthcoming three financial years.

19. DONATIONS RECEIVED

Unconditional Contributions	1 357 959	970 424
Total Public Contributions and Donations	<u>1 357 959</u>	<u>970 424</u>

20. SERVICE CHARGES

Sale of Electricity	22 364 274	19 244 693
Sale of Water	12 403 075	9 195 720
Refuse Removal	5 204 577	3 605 214
Sewerage and Sanitation Charges	8 012 459	5 735 948
Connection Fees	11 818	375 457
Total Service Charges	<u>47 996 203</u>	<u>38 157 033</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs. Connection Fees are in respect of once off connection charges.

21. RENTAL OF FACILITIES AND EQUIPMENT

Operating Lease Rental Revenue:		
- Investment Property	804 718	422 734
Rental Revenue from Buildings	244 527	133 970
Rental Revenue from Halls	14 955	18 112
Rental Revenue from Other Facilities	(36)	182
Total Rental of Facilities and Equipment	<u>1 064 164</u>	<u>574 998</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

Mohokare Local Municipality**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****22. INTEREST EARNED**

	2015 R	2014 R
External Investments:		
Bank Account	80 756	66 720
Investments	48 490	109 101
	<u>129 246</u>	<u>175 822</u>
Outstanding Debtors:		
Outstanding Billing Debtors	805 766	8 084 890
	<u>805 766</u>	<u>8 084 890</u>
Total Interest Earned	<u>935 012</u>	<u>8 260 711</u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Non-Current Investments	129 246	175 822
Loans and Receivables	805 766	8 084 890
	<u>935 012</u>	<u>8 260 711</u>

23. OTHER REVENUE

Building Plan Fees	2 895	1 673
Cemetery Fees	44 544	48 614
Commission on collections	98 861	57 828
Rates Certificates	7 546	27 041
Cattle additions	50 000	64 928
Sundry Income	1 136 428	764 752
Total Other Revenue	<u>1 340 274</u>	<u>964 837</u>

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 18 to 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

24. EMPLOYEE RELATED COSTS

	2015	2014
R	R	R
Employee Related Costs - Salaries and Wages	35 137 046	33 465 699
Basic Salaries and Wages	35 079 408	32 561 655
Contribution to Leave Fund	57 638	904 044
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids Bonus fund	9 844 480	8 933 417
Medical	2 644 717	2 257 050
Pension	6 362 193	5 894 074
Bonus fund	-	-
Industrial Council Levy	23 159	31 903
Skills Development Levy	452 074	394 572
UIF	362 338	355 817
Travel, Motor Car and Other Allowances	3 036 749	2 780 836
Allowances	3 036 749	2 780 836
Housing Benefits and Allowances	37 441	48 573
Overtime Payments	3 098 452	2 674 151
Annual Bonuses	2 668 012	2 598 819
Temporary Employees - Salaries and Wages	955 736	200 648
EPWP Employees	1 213 859	2 064 315
Total Employee Related Costs	55 991 776	52 766 457

No advances were made to employees.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	602 700	604 988
Travel Allowance	267 000	267 000
Company Contributions to UIF, Medical and Pension Funds	167 551	156 804
Other	-	-
Total	1 037 250	1 028 792

Remuneration of the Chief Financial Officer

Annual Remuneration	732 709	400 237
Annual Bonus	-	29 425
Company Contributions to UIF, Medical and Pension Funds	9 193	5 820
Acting Allowance	-	124 158
Other	-	-
Total	741 901	559 641

The post was vacant during July 2013 until December 2013. The Acting Allowance that was paid for the period is included in the above costs for the 2013/14 period.

Remuneration of the Manager: Community Services

Annual Remuneration	327 059	293 506
Annual Bonus	27 255	25 522
Travel Allowances	72 000	67 000
Company Contributions to UIF, Medical and Pension Funds	102 927	89 670
Other	-	-
Total	529 241	475 698

Remuneration of the Manager: Corporate Services

Annual Remuneration	463 113	436 497
Travel Allowances	150 000	150 000
Company Contributions to UIF, Medical and Pension Funds	127 303	116 475
Other	-	-
Total	740 415	702 972

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Remuneration of the Manager: Technical Services

	2015 R	2014 R
Annual Remuneration	620 288	581 410
Re-Imbursive Travel Allowances	-	51 912
Company Contributions to UIF, Medical and Pension Funds	120 711	112 231
Acting allowance	-	27 768
Other	-	-
Total	740 999	773 321

No compensation was payable to key management personnel in terms of GRAP 25 as at 30 June.

25. REMUNERATION OF COUNCILLORS

Mayor - Ms AM Shasha	409 384	374 690
Chief Whip - Mr MA Letele	166 528	165 725
Councillors	1 499 305	1 403 021
Company Contributions to SDL, Medical and Pension Funds	372 731	337 864
Medical Aid	155 661	131 910
Pension Fund	187 280	178 636
Skills Development Levy	29 791	27 318
Other Allowances (Cellular Phones, Housing, Transport, etc)	788 366	784 040
Housing Subsidy	151 115	151 115
Telephone Allowance	229 548	229 550
Travelling Allowance	407 703	403 375
Total Councillors' Remuneration	3 236 314	3 065 340

In-kind Benefits

The Councillor occupying the positions of Mayor/Speaker of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a vehicle leased from the Government Garage for official duties.

26. DEPRECIATION AND AMORTISATION

Buildings	341 002	306 324
Infrastructure	22 218 695	21 842 223
Community Assets	1 447 716	1 472 389
Movable Assets	1 316 416	1 919 636
Assets under Finance Lease Agreements	292 586	236 095
Total Depreciation and Amortisation	25 616 415	25 776 667

27. IMPAIRMENT LOSSES

27.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:

Property, Plant and Equipment	54 299	245 747
	54 299	245 747

27.2 Impairment Losses on Financial Assets

Impairment Losses Recognised:

Receivables from Exchange Transactions (Exclusive of VAT)	21 050 082	22 210 661
Movement in provision for bad debt (Centlec)	18 752 723	20 464 422
Receivables from Non-exchange Transactions	(54 012)	312 156
Traffic fines	2 252 964	1 303 633
	98 408	130 450
	21 050 082	22 210 661
Total Impairment Losses	21 104 381	22 456 408

Mohokare Local Municipality**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****28. FINANCE COSTS**

	2015	2014
	R	R
DBSA Loan	138 445	148 707
Creditors Overdue	3 435 600	1 107 756
Finance Leases	50 503	32 581
Landfill Provision	876 620	808 919
Bank overdraft	-	618
Finance costs incurred by Centlec	98 885	110 515
Total Interest Expense	<u>4 600 053</u>	<u>2 209 096</u>
Total Interest Paid on External Borrowings	<u>4 600 053</u>	<u>2 209 096</u>

29. BULK PURCHASES

Electricity (Centlec)	23 607 805	19 755 688
Total Bulk Purchases	<u>23 607 805</u>	<u>19 755 688</u>

30. CONTRACTED SERVICES

Professional Fees	3 420 552	5 226 430
- Valuation Roll	1 719 298	-
- Fixed Assets	445 798	2 947 231
- Assisance on Revenue for 13/14 Audit	206 570	-
- VAT	530 964	815 884
- Other	517 922	1 463 315
Security Services	239 371	167 194
Total Contracted Services	<u>3 659 924</u>	<u>5 393 623</u>

31. GRANTS AND SUBSIDIES PAID

Donations to matrics exams	11 636	-
Total Grants and Subsidies	<u>11 636</u>	<u>-</u>

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

32. GENERAL EXPENSES

	2015	2014
R		R
Included in General Expenses are the following:		
Administration fees	167 010	320 941
Advertising	91 175	275 339
Audit Fees	2 990 857	4 038 198
Bank Charges	337 195	138 387
Cancellation Fees	-	-
Cattle Feed	2 496	18 909
Cattle Consumption	28 500	8 177
Biological Asset Losses	11 250	49 441
Cattle Fair Value adjustment Loss	-	-
Centlec Service Expenses	-	-
Chemicals and Poison	3 359 533	3 196 154
Cleaning Material	73 936	36 213
Computer Software & Licenses	1 020 776	627 764
Consumables	374 465	990 013
Disaster Expenditure	-	1 524
Electricity usage	4 011 411	4 243 611
Entertainment	66 867	92 416
Electricity Network charges	759 185	1 824 155
Fines & Penalties	451 853	464 252
Fuel & Oil	1 774 631	1 734 616
Insurance	341 485	787 892
Operating Leases	1 011 392	896 406
Legal Costs	607 101	799 000
Magazines, books and periodicals	236	75 962
Medical Expenses	5 422	12 969
Motor vehicle expenses	13 757	15 284
Pauper burials	7 500	19 300
Postage and Courier	285 076	422 010
Printing & Stationary	580 583	599 357
Royalties and license fees	-	-
Software expenses	-	-
Special Programmes	245 454	452 260
Subscription Fees	593 377	477 379
Telephone Cost	2 205 544	1 976 580
Training Costs	302 555	126 385
Traffic Operational	4 300	9 570
Transport Costs	-	-
Travelling and Subsistence	1 795 301	2 324 991
Uniforms and Protective Clothing	55 921	1 138 103
Total General Expenses	23 576 145	28 193 557

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

32.1 Material Losses

	30 532 428	22 979 226
Debtors written off	18 692 402	15 691 377
Distribution Losses:		
Electricity Losses	5 364 000	4 284 685
Water losses	6 476 027	3 003 164

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

No other extra-ordinary expenses were incurred.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

33. CHANGE IN ACCOUNTING POLICY

The municipality adopted no new Accounting Standards for the first time during the financial year 2014/2015 for the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

34. CORRECTION OF ERROR

34.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Accumulated Surplus
Balance as published as at 30 June 2014	425 110 774
Change in accounting policy:	-
Correction of error:	
<i>Corrections through Accumulated surplus</i>	(22 943 023)
- Centlec Prior period adjustment	(206 868)
- PPE carrying values	(33 239)
- Derecognise property held for transfer that does not meet the definition	(23 460 500)
- Adjustments made to payables balance	(534 163)
- Restatement of provision for rehabilitation of landfill site	1 041 748
- Recognise investment property not accounted for	250 000
<i>Corrections through comparative figures in the Income statement (Note 34.2)</i>	925 687
- Depreciation on fixed assets	5 480
- Depreciation on landfill site asset	839 302
- Interest on landfill site provision	(17 669)
- Correction of provision for impairment calculation	98 573
Restated balance as at 30 June 2014	<u>403 093 437</u>

34.2 Reclassification of Revenue and Expenditure

The prior year figures of Revenue and Expenditure have been restated to correctly disclose the transactions incurred by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Revenue for the Year	Expenditure for the Year	(Surplus) Deficit for the Year
Total as per AFS previously published for 2013/14	153 537 631	166 089 727	(12 552 096)
Adjustment to Depreciation	-	(5 480)	5 480
Free Basic Services offset against revenue	(3 014 720)	3 014 720	-
Restated Total as per AFS currently disclosed for 2013/14	<u>150 522 911</u>	<u>169 098 967</u>	<u>(12 546 616)</u>

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

34.3 Property, Plant & Equipment

The effect of the Correction of Error is as follows:

Property, Plant and	Equipment
Amount per AFS previously published for 2013/14	455 253 835
Fixed Assets Opening balances differences	-
Adjustment to Costs Opening Balance	(41 226)
Adjustment to Accumulated Depreciation	7 987
Adjustment to the 2012-13 depreciation charges	5 480
Restated Balances as at 30 June 2014	455 226 076

34.4 Correction on Centlec Payable

The opening balances of the Centlec Payable amount has been restated.

The effect of the Correction of Error is as follows:

	Total
Balance published as at 30 June 2014	10 267 281
Adjustment – interest	(18 671)
Adjustment - Stale Grant from 2009 moved to Acc Surplus	225 539
Restated Balances as at 30 June 2014	10 474 149

34.5 Classification of Work in Progress

The prior year figure for work in progress relating to Community Assets has incorrectly been classified as Land and Buildings in the 2013/14 financial year.

	Land and Buildings	Community Assets	Total
Balances published as at 30 June 2014	2 672 317	-	2 672 317
Re-classification in 2014/15	-2 672 317	2 672 317	-
Restated Balances as at 30 June 2014	-	2 672 317	2 672 317

34.6 Classification of Inventory held for transfer

The effect of the Correction of Error is as follows:

	Investment Properties	Inventory Held for Transfer	Total
Amount per AFS previously published for	17 746 665	27 640 500	45 387 165
Adjustment to Costs Opening Balance	4 180 000	(4 180 000)	-
Derecognise portion not meeting the definition against accumulated surplus	-	(23 460 500)	(23 460 500)
Restated Balances as at 30 June 2014	21 926 665	-	21 926 665

34.7 Adjustment for payables opening balance

The effect of the Correction of Error is as follows:

	Trade and other Payables
Balances published as at 30 June 2014	24 594 775
Amounts identified which should have been included in the balance at 30 June 2014	534 163
Restated Balances as at 30 June 2014	25 128 938

34.8 Correction of Pension and medical aid deduction disclosure note

Upon inspection of the amount disclosed in the 13/14 financial year, it was identified that only the amount relating to the pension fund was disclosed in note 41.5. This has been updated to include the amounts relating to medical aid fund as well as provident fund.

The effect of the Correction of Error is as follows:

	2013/14 Audited AFS	Adjustment	2013/14 Restated
Pension and Medical Aid Deductions			
Opening Balance	4 209 712	1 125 934	5 335 646
Current year Payroll Deductions and Council Contributions	9 871 311	2 884 078	12 755 389
Amount Paid - current year	(3 723 728)	(741 023)	(4 464 751)
Amount Paid - previous years	(4 209 712)	(720 033)	(4 929 745)
Interest accrual	221 643	610 494	832 137
	6 369 226	3 159 450	9 528 676

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

34.9 Correction of Landfill site provision

The effect of the Correction of Error is as follows:

	2013/14 Audited AFS	Adjustment	2013/14 Restated
Lanfill sites provision			
Opening balance	12 997 706	(3 446 511)	9 551 195
Contributions to provision	791 250	17 670	808 920
Increase due to re-measurement	2 701 698	(2 553 813)	147 885
	<u>16 490 654</u>	<u>(5 982 654)</u>	<u>10 508 000</u>
Rehabilitation asset			
Cost	11 125 775	(147 886)	10 977 889
Increase/(decrease) in provision due to error	-	147 886	147 886
Accumulated depreciation	(3 451 950)	622 125	(2 829 825)
Carrying value at 30 June 2014	<u>7 673 825</u>	<u>622 125</u>	<u>8 295 950</u>

The correction of this error pertains to the incorrect measurement of the landfill site provision and the corresponding rehabilitation asset at inception. Further factors which lead to the adjustment of the AFS and the disclosure of the prior period error includes the fact that the incorrect interest rate was used to discount the landfill site provision. In the past changes in estimate was applied retrospective and not prospective as prescribed by GRAP.

34.10 Adjustment for Investment Properties opening balance

The effect of the Correction of Error is as follows:

	Investment Properties
Balances published as at 30 June 2014	17 746 665
Adjustment to Costs Opening Balance relating to properties held for transfer (note 34,7)	4 180 000
Adjustment to Costs Opening Balance relating to a property that was not recognised previously.	250 000
Restated Balances as at 30 June 2014	<u>22 176 665</u>

34.10 Classification adjustment for levies from exchange to non-exchange receivables

The effect of the Correction of Error is as follows:

	2013/14 Audited AFS	Adjustment	2013/14 Restated
Receivables			
Receivables from exchange transactions	2 463 457	9 292	2 472 749
Receivables from non-exchange transactions	649 064	89 283	738 347
Movement to income statement due to re-classification errors in prior year		(98 575)	
	<u>3 112 521</u>	<u>-</u>	<u>3 211 096</u>

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

34.11 Restatement of cash flow statement

The prior period cash flow statement has been restated as indicated below. This is mainly due to the fact that transactions incurred by the electricity service provider (Centlec) were not of cash flow nature for the municipality as all transactions were made through a loan account with Centlec, with no actual payments/receipts being made. There were also reclassifications between line items in the cash flow statement.

	2013/14 Audited AFS	Adjustment	2013/14 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from sale of goods or services	111 634 981	102 568 431	9 066 550
Government grants received	-	(75 400 632)	75 400 632
Interest received	8 260 712	8 084 890	175 822
	<u>119 895 693</u>	<u>35 252 689</u>	<u>84 643 004</u>
Payments			
Cash paid to employees	-	50 766 227	(50 766 227)
Cash paid to Suppliers	(90 631 776)	(88 391 212)	(2 240 564)
Interest paid	(2 191 427)	(2 009 521)	(181 906)
	<u>(92 823 203)</u>	<u>(39 634 506)</u>	<u>(53 188 697)</u>
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	27 072 490	(4 381 817)	31 454 307
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings raised	4 829 825	4 248 389	581 436
Borrowings repaid	-	124 502	-124 502
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	4 829 825	4 372 891	456 934
	2013/14 Audited AFS	Adjustment	2013/14 Restated
Disclosure note: Cash generated by operations			
Surplus / (Deficit) for the Year	(12 552 096)	(925 687)	(11 626 409)
Adjustment for:			
Depreciation	25 782 147	5 480	25 776 667
Impairment Losses on Property, Plant and Equipment	245 747		245 747
Loss on write-off of property, plant and equipment	298 128		298 128
Movement in Biological Assets (births, deaths and consumption)	(9 113)	(1 803)	(7 310)
Gains on Disposal of livestock	(43 982)		(43 982)
Fair Value adj biological assets	(211 931)	(97 680)	(114 251)
Fair value adj – investments		97 680	(97 680)
De-commissioning	1 375 457	839 302	536 155
Revenue received in advance	(90 439)	(90 439)	-
Contribution to Impairment Provision	24 591 565	(157 354)	24 748 919
Non-Cash Revenue COGTA Donation on Payables	(970 424)		(970 424)
Contribution to provisions	791 249	791 249	-
Grant funds withheld	(7 000 000)	(7 000 000)	-
Sale of electricity by Centlec (non-cash)		20 707 312	(20 707 312)
Expenditure incurred by Centlec (non-cash)		(26 079 913)	26 079 913
Interest Earned - Outstanding Debtors (non-cash)		8 084 890	(8 084 890)
Finance Costs (non-cash)		(2 027 190)	2 027 190
Operating surplus before working capital changes	32 206 308	(5 854 153)	38 060 461
(Increase)/Decrease in Inventories	(133 624)		(133 624)
(Increase)/Decrease in Consumer Debtors	(23 472 708)	(8 008 421)	(15 464 287)
(Increase)/Decrease in Other Debtors	(841 234)	415 376	(1 256 610)
(Increase)/Decrease in Sundry Debtors	138 461		138 463
(Increase)/Decrease in VAT Receivable	666 432	481 608	184 824
Increase/(Decrease) in Consumer Deposits	401 904	249 399	152 505
Increase/(Decrease) in Creditors	17 715 521	1 251 059	16 464 462
Increase/(Decrease) in Conditional Grants and Receipts	217 673	7 000 000	(6 782 327)
Increase/(Decrease) in deferred revenue	90 439		90 439
Increase/(Decrease) in biological assets	92 241	92 241	
Cash generated by / (utilised in) Operations	27 081 415	(4 372 892)	31 454 307

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

35. CASH GENERATED BY OPERATIONS

	2015 R	2014 R
Surplus / (Deficit) for the Year	2 306 116	(11 626 409)
Depreciation and Amortisation	25 616 415	25 776 667
De-commissioning costs	536 155	536 155
Impairment losses on Property, Plant and Equipment	54 299	245 747
Loss on Disposal of PPE	355 416	298 128
Movement in Biological Assets (births, deaths and consumption)	(10 250)	(7 310)
Gains on Disposal of livestock	(55 263)	(43 982)
Fair Value adj biological assets	(6 219)	(114 251)
Fair value adj – investments	(59 551)	(97 680)
Contribution to Impairment Provision	24 301 491	24 748 919
Non-Cash Revenue COGTA Donation on Payables	(1 357 959)	(970 424)
Water infrastructure grant - water meters received in kind	(3 310 048)	-
Sale of electricity by Centlec (non-cash)	(26 400 117)	(20 707 312)
Expenditure incurred by Centlec (non-cash)	34 156 543	26 079 913
Interest Earned - Outstanding Debtors (non-cash)	(805 766)	(8 084 890)
Finance Costs (non-cash)	4 411 105	2 027 190

Operating surplus before working capital changes

59 732 367 **38 060 461**

Decrease/(Increase) in Inventories – Consumables	25 715	(133 624)
Decrease/(Increase) in Consumer Debtors	(23 395 795)	(15 464 287)
Decrease/(Increase) in Other Debtors	(3 071 384)	(1 256 610)
Decrease/(Increase) in Sundry Debtors	-1 050 667	138 463
Decrease/(Increase) in VAT Receivable	(9 069 652)	184 824
Increase/(Decrease) in Consumer Deposits	(113 831)	152 505
Increase/(Decrease) in Creditors	19 995 420	16 464 462
Increase/(Decrease) in Conditional Grants and Receipts	2 303 560	(6 782 327)
Increase/(Decrease) in deferred revenue	(90 439)	90 439

Cash generated by / (utilised in) Operations

45 265 296 **31 454 307**

36. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2014/15 financial year.

37. FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

38. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 14)	20 826 356	13 372 654
Used to finance Property, Plant and Equipment - at cost	(20 826 356)	(13 372 654)
Sub-total	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

39. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

39.1 Unauthorised Expenditure

	2015	2014
R	R	
Reconciliation of Unauthorised Expenditure:		
Opening balance	115 413 992	87 796 732
Unauthorised Expenditure current year	3 585 484	27 617 260
Approved by Council or condoned	-	-
Unauthorised Expenditure awaiting authorisation	<u>118 999 476</u>	<u>115 413 992</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>The unauthorised expenditure is based on the differences between budgeted amounts and actual expenditures per unit. No incidents were noticed where payments were made by unauthorised personnel. The major contributor relates to the Impairment of debtors that was not fully budgeted for, interest charges in respect of non-payment of outstanding trade and salary creditors and contracted services which was not fully budgeted for.</i>	N/A

39.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	6 829 242	4 947 535
Fruitless and Wasteful Expenditure current year	4 049 486	1 881 707
Identified in the current year relating to prior years	1 790 113	-
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>12 668 841</u>	<u>6 829 242</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Fines and Penalties</i>	514 190
<i>Court order/ Court settlement</i>	535 337
<i>Interest on late accounts</i>	2 999 959

39.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:		
Opening balance	130 196 434	129 258 580
Irregular Expenditure current year	15 985 572	937 854
Irregular Expenditure identified in current year relating to prior year	35 877 080	-
Written off by Council	(63 144 064)	-
To be recovered – contingent asset (see Note 49)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	<u>118 915 022</u>	<u>130 196 434</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Irregular expenditure identified due to non-compliance to SCM regulations</i>	<i>R 7 355 787</i>
<i>Unspent conditional grant funds used for other purposes than which it was intended for. The unspent amount is not cash-backed at year end.</i>	<i>R 8 629 785</i>

The full extent of irregular expenditure relating to the 2014/15 financial year is still under investigation.

39.4 Irregular and fruitless and wasteful expenditure identified in current year relating to prior years

During the 2014/15 financial year, a detailed evaluation of the total expenditure of the retention period 2009/10 to 2013/14 was undertaken to confirm irregular, fruitless and wasteful expenditure that was incurred by the municipality in order to verify the validity, accuracy and completeness of irregular, fruitless and wasteful expenditure. Through this exercise it was determined that the municipality previously disclosed incorrect amounts which resulted in an adjustment of R 35 877 080 for irregular expenditure and an adjustment of R 1 790 113 in the 2014/15 financial year. During this process sufficient and appropriate documentation relating to transactions to the total value of R 73 009 345 for the period 2009/10 to 2013/14 could not be found. Despite all endeavours and processes, such documentation could not be found.

40. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

40.1 Contributions to organised local government – SALGA

Opening Balance	853 000	503 000
Council Subscriptions	574 045	450 000
Amount Paid - current year	(12 500)	(100 000)
Interest charges	83 823	-
Balance Unpaid (included in Creditors)	<u>1 498 368</u>	<u>853 000</u>

40.2 Audit Fees

Opening Balance	1 219 595	(802 434)
Current year Audit Fee	3 828 165	4 510 481
Interest charges	250 095	64 008
Amount Paid - current year	-	(1 859 068)
Credit notes received	(417 588)	(184)
Amount Paid - previous years	-	-
Donations received towards Audit Fees	(1 110 744)	(693 208)

Balance Unpaid (included in Creditors)

<u>3 769 523</u>	<u>1 219 595</u>
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Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

40.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

40.4 PAYE, Skills Development Levy and UIF

	2015	2014
	R	R
Opening Balance	1 920 253	2 256 429
Current year Payroll Deductions	6 233 093	5 273 959
Amount Paid - current year	(6 334 902)	(1 135 107)
Amount Paid - previous years		-
Penalties and interest	828 684	15 789
Offset to VAT receivable	(1 026 820)	(4 490 817)
Balance Unpaid (included in Payables)	1 620 307	1 920 253

The balance represents PAYE, SDL and UIF deducted from the payroll during the 2014/15 financial period.

40.5 Pension and Medical Aid Deductions

	2015	2014
Opening Balance	9 528 676	5 335 646
Current year Payroll Deductions and Council Contributions	13 390 353	12 755 389
Amount Paid - current year	(4 673 341)	(4 464 751)
Amount Paid - previous years	(300 000)	(4 929 745)
Interest accrual	2 606 917	832 137
Balance Unpaid (included in Payables)	20 552 604	9 528 676

The balance represents Pension and Medical Aid contributions deducted from employees and councillors payroll in the 2013/14 and 2014/15 financial year's, as well as the municipality's contributions to these funds.

40.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
30 June 2015			
Councillor Lekhula L	7 167	782	6 385
Councillor Letele MA	2 449	470	1 979
Councillor Thuhlo RJ	1 133	958	175
Councillor Shasha SD	6 747	692	6 056
Total Councillor Arrear Consumer Accounts	17 497	2 902	14 595
30 June 2014			
Councillor Lekhula L	7 111	745	6 366
Councillor Letele MA	2 933	479	2 453
Councillor Riddle IS	732	569	163
Councillor Thuhlo RJ	1 377	992	386
Councillor Majenge BS	649	482	167
Councillor Sehanka MJ	1 252	1 252	-
Councillor Shasha SD	16 971	838	16 133
Total Councillor Arrear Consumer Accounts	31 024	5 357	25 668

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
30 June 2015	Highest amount outstanding	Ageing
Councillor Lekhula L	6 385	> 90 Days
Councillor Letele MA	1 979	> 90 Days
Councillor Thuhlo RJ	175	> 90 Days
Councillor Shasha SD	6 056	> 90 Days

30 June 2014	Highest amount outstanding	Ageing
Councillor Lekhula L	6 366	> 90 Days
Councillor Letele MA	2 453	> 90 Days
Councillor Riddle IS	163	> 90 Days
Councillor Thuhlo RJ	386	> 90 Days
Councillor Majenge BS	167	> 90 Days
Councillor Shasha SD	16 133	> 90 Days

40.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The municipality has developed a supply chain management policy which was only approved by Council in November 2011.

Non compliance matters to the MFMA is disclosed as follow:

Department	Date	Non-compliance matter	Reason	Amount
Finance department		Non-compliance to Section 70(2) regarding banking reporting to Treasury and Auditor-General	Bank account details were not reported to the offices of the Auditor General	N/A
Finance department		Non-compliance to section 65(2) (e) suppliers not paid within 30 days	The Municipality is experiencing cash flow constraints.	N/A
Finance department		PAYE/SITE/UIF- & Pension fund and provident fund contributions not paid within the 7 days reporting requirement of Income Tax Act	The Municipality is experiencing cash flow constraints.	N/A
Finance department		Non-compliance to Section 32(4)(a) and Section 32(a) of the MFMA	Non reporting of irregular, unauthorised and fruitless and wasteful expenditure	N/A

	2015 R	2014 R
40.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA		
Material Electricity and Water Losses were as follows and are not recoverable:		
Electricity:		
Purchased during the year	units (kWh) 21 493 123	21 498 603
Sold during the year	units (kWh) (16 488 258)	(16 831 223)
Unaccounted Losses	units (kWh) 5 004 865	4 667 380
Normal distribution losses - % of electricity purchases	units (kWh) -	-
Loss (R):	5 255 108	4 284 685

Calculated as follows :

	%	Lost Units	Tariff	Value
30 June 2015				
Total Electricity Losses	100,00%	5 004 865 R	-	5 255 108
- Residential	97,43%	4 876 240 R	1,05	5 120 052
- Business	2,57%	128 625 R	1,05	135 056

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

			2015 R	2014 R
30 June 2014				
Total Electricity Losses	100,00%	4 667 380 R	0,92	4 284 685
- Residential	97,43%	3 159 314 R	0,92	2 900 271
- Business	2,57%	1 508 066 R	0,92	1 384 414

Electricity Losses occur due to *inter alia*, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Water:

30 June 2015	Unaccounted Water Losses	<u>507 483</u>	<u>4,5468</u>	<u>2 307 418</u>
30 June 2014	Unaccounted Water Losses	<u>773 507</u>	<u>3,8825</u>	<u>3 003 164</u>

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

41.COMMITMENTS FOR EXPENDITURE

41.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure

2015 R	2014 R
111 670 118	56 920 715
<u>111 670 118</u>	<u>56 920 715</u>

- Approved but Not Yet Contracted for:-

Infrastructure

Total Capital Commitments

3 200 000	3 302 322
<u>3 200 000</u>	<u>3 302 322</u>
114 870 118	60 223 037
<u>114 870 118</u>	<u>60 223 037</u>

41.2 Lease Commitments

Finance Lease Liabilities are disclosed in Note 14.

42.FINANCIAL INSTRUMENTS

42.1.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets

Classification

Non-current Investments

Investment in OVK Shares	Fair value	345 155	285 604
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Receivables from Exchange Transactions

Electricity	Amortised cost	1 435 660	551 353
Refuse	Amortised cost	498 986	193 293
Sewerage	Amortised cost	1 521 034	747 179
Water	Amortised cost	1 663 044	840 751
Sundry Debtors	Amortised cost	1 957 252	1 004 993
Other Receivables	Amortised cost	264 523	140 171

Receivables from Non-exchange Transactions

Assessment Rates Debtors	Amortised cost	1 556 767	738 347
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Cash and Cash Equivalents

Call Deposits	Amortised cost	168 952	163 083
Bank Balances	Amortised cost	774 991	163 951
Cash Floats and Advances	Amortised cost	1 180	1 180

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

SUMMARY OF FINANCIAL ASSETS

		2015 R	2014 R
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	1 435 660	551 353
Receivables from Exchange Transactions	Refuse	498 986	193 293
Receivables from Exchange Transactions	Sewerage	1 521 034	747 179
Receivables from Exchange Transactions	Water	1 663 044	840 751
Sundry Debtors	Sundry Debtors	1 957 252	1 004 993
Receivables from Exchange Transactions	Other Debtors	264 523	140 171
Receivables from Non-exchange Transactions	Assessment Rates Debtors	1 556 767	738 347
Cash and Cash Equivalents	Bank Balances	774 991	163 951
Cash and Cash Equivalents	Call Deposits	168 952	163 083
Cash and Cash Equivalents	Cash Floats and Advances	1 180	1 180
		9 842 387	4 544 302
Financial Assets at Fair Value:			
Non-current Investments	Shares in OVK	345 155	285 604
		345 155	285 604
Total Financial Assets		10 187 543	4 829 907

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities

Classification

Long-term Liabilities

Finance Lease Liabilities	Amortised cost	199 947	461 904
Government Loans	Amortised cost	951 761	1 038 958
Centlec Payable	Cost	18 384 364	10 474 149
Other Loans	Amortised cost	872 545	988 848

Payables

Trade Creditors	Amortised cost	32 466 188	25 128 938
Payments received in Advance	Amortised cost	3 913 772	3 787 340
Sundry Deposits	Amortised cost	2 711 899	2 711 899
Consumer Deposits	Amortised cost	521 730	615 562

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
Bank Overdraft			
Bank Overdraft	Amortised cost		2 076 232
Current Portion of Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	262 571	271 411
Government Loans	Amortised cost	155 168	137 384
SUMMARY OF FINANCIAL LIABILITIES		2015 R	2014 R
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liabilities	199 947	461 904
Long-term Liabilities	Government Loans	951 761	1 038 958
Long-term Liabilities	Other Loans	872 545	988 848
Payables	Trade Creditors	32 466 188	25 128 938
Payables	Payments received in Advance	3 913 772	3 787 340
Payables	Sundry Deposits	2 711 899	2 711 899
Payables	Other Creditors		
Consumer Deposits	Consumer deposits	521 730	615 562
Current Portion of Long-term Liabilities	Finance Lease Liabilities	262 571	271 411
Current Portion of Long-term Liabilities	Government Loans	155 168	137 384
Bank Overdraft	Bank Overdraft		2 076 232
Financial Liabilities at Cost:			
Long-term Liabilities	Centlec Liability	18 384 364	10 474 149
		<u>60 439 946</u>	<u>47 692 625</u>
Total Financial Liabilities		<u>60 439 946</u>	<u>47 692 625</u>

42.1.2 Financial Assets Pledged as security

A Pledge of R25 000 in favour of Eskom is held with First National Bank.
A Limited cession of R20 000 is held with ABSA Bank

42.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and Short-term Investments

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2015, except for the Centlec Loan which is carried at cost, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2015 Carrying Amount	Fair Value	30 June 2014 Carrying Amount	Fair Value
FINANCIAL ASSETS				
Measured at Amortised Cost:	9 842 387	9 842 387	4 544 302	4 544 302
Call Deposits	168 952	168 952	163 083	163 083
Bank Balances and cash	776 171	776 171	165 131	165 131
Trade Receivables from Exchange Transactions	7 340 498	7 340 498	3 477 742	3 477 742
Trade Receivables from Non-exchange Transactions	1 556 767	1 556 767	738 347	738 347
Measured at Fair Value	345 155	345 155	285 604	285 604
OVK Shares	345 155	345 155	285 604	285 604
Total Financial Assets	10 187 543	10 187 543	4 829 907	4 829 907
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	42 055 582	42 055 582	37 218 476	37 218 476
Finance Lease Liabilities	199 947	199 947	461 904	461 904
Government Loans	951 761	951 761	1 038 958	1 038 958
Other Loans	872 545	872 545	988 848	988 848
Payments Received in Advance	3 913 772	3 913 772	3 787 340	3 787 340
Consumer Deposits	521 730	521 730	615 562	615 562
Bank Overdraft	-	-	2 076 232	2 076 232
Trade and Other Payables:	-	-		
- Creditors	32 466 188	32 466 188	25 128 938	25 128 938
- Sundry Deposits	2 711 899	2 711 899	2 711 899	2 711 899
- Other payables	-	-	-	-
- Current Portion of Long-term Liabilities	417 739	417 739	408 795	408 795
Measured at Cost	18 384 364	18 384 364	10 474 149	10 474 149
Centlec Payable	18 384 364	18 384 364	10 474 149	10 474 149
Total Financial Liabilities	60 439 946	60 439 946	47 692 625	47 692 625
Total Financial Instruments	(50 252 403)	(50 252 403)	(42 862 718)	(42 862 718)
Unrecognised Gain / (Loss)		-		-

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Assumptions used in determining Fair Value of Financial Assets

The table below analyses Financial Instruments at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Class is one level lower than category.

30 June 2015

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
OVK Shares	345 155	-	-	345 155
Total Financial Assets	<u>345 155</u>	<u>-</u>	<u>-</u>	<u>345 155</u>
Total Financial Instruments	<u>345 155</u>	<u>-</u>	<u>-</u>	<u>345 155</u>

30 June 2014

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
OVK Shares	285 604	-	-	285 604
Total Financial Assets	<u>285 604</u>	<u>-</u>	<u>-</u>	<u>285 604</u>
Total Financial Instruments	<u>285 604</u>	<u>(10 474 149)</u>	<u>-</u>	<u>(10188 545)</u>

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010/2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 14, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 16 and the Statement of Changes in Net Assets.

Gearing Ratio

The debt-to-equity ratio, is reflected at 14,68%, increasing by 2,93%. This low ratio is as a result of the Municipality not entering in a large number of Loans and making full use of Government Grants received.

The municipality's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The municipality has a target gearing ratio of 20-25% determined as the proportion of net debt to equity. Based on the committee's recommendations, the municipality expects to increase its gearing ratio closer to 25% through the issue of new debt.

	2015 R	2014 R
Debt	60 439 946	47 692 625
Cash and Cash Equivalents	(945 122)	(328 214)
Net Debt	<u>59 494 824</u>	<u>47 364 411</u>
Equity	<u>405 399 553</u>	<u>403 093 436</u>
Net debt to equity ratio	<u>14,68%</u>	<u>11,75%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 14

Debt is defined as Long- and Short-term Liabilities.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

42.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2015	Less than one year	Between one and two years	Between two and five years	Over five years
Other financial liabilities (Borrowings)	155 168	175 254	776 507	-
Payables from exchange transactions	39 091 859	-	-	-
Centlec Payable	18 384 364			
At 30 June 2014	Less than one year	Between one and two years	Between two and five years	Over five years
Other financial liabilities (Borrowings)	137 384	155 168	883 790	-
Payables from exchange transactions	31 628 177	-	-	-
Centlec Payable	10 474 149			

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 43.6.2 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

42.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

42.6.2 Interest Rate Risk Management

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes

Financial assets and liabilities that are sensitive to interest rate risk are investments and loan payables. The municipality is exposed to interest rate risk on these financial instruments as the rates applicable are floating interest rates.

Potential concentrations of interest rate risk consist mainly of consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment and discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment/discounting, where applicable.

42.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
Investments	345 155	285 604
Long-term Receivables		
Consumer Debtors	6 940 013	3 211 096
Other Debtors	1 957 252	1 004 993
Bank, Cash and Cash Equivalents	945 122	(1 748 018)
Maximum Credit and Interest Risk Exposure	10 187 543	2 753 675

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer

	% 2015	% 2014
Consumer Debtors:		
- Household	91,83%	53,63%
- Industrial / Commercial	5,32%	6,83%
- National and Provincial Government	2,09%	28,18%
- Other Classes	0,76%	11,35%
Total Credit Risk	100,00%	100,00%

	2015 R	2014 R
Bank and Cash Balances		
ABSA Bank Ltd	668 859	(1 976 754)
First National Bank	135 986	146 549
Old Mutual	(0)	(0)
Standard Bank	139 097	81 007
Cash Equivalents	1 180	1 180
Total Bank and Cash Balances	945 122	(1 748 018)

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties without external credit rating:-

Group 1	308 535	131 970
Group 2	44 561	19 060
Group 3		

	353 096	151 030
Total Receivables from Exchange Transactions	353 096	151 030

Receivables from Non-exchange Transactions

Group 1	24 697	6 267
Group 2		
Group 3		

Total Receivables from Non-exchange Transactions	24 697	6 267
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Credit quality Groupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42. FINANCIAL INSTRUMENTS (Continued)

42.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The Municipality is experiencing cash flow difficulties due to weak debtor collections and is highly dependent on Grants received from Treasury. The cashflow difficulty is managed by performing monthly cashflow projections and strict budget managing.

Liquidity and Interest Rate Risk

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	Less than one year	Between one and two years	Between two and five years	More than 5 Years
	#	%	R	R	R	R	R
30 June 2015							
Non-interest Bearing			57 476 223	57 476 223	-	-	-
- Creditors		0%	39 091 859	39 091 859	-	-	-
- Centlec Payable		0%	18 384 364	18 384 364	-	-	-
Variable Interest Rate Instruments			-	-	-	-	-
- Bank Overdraft		10%	-	-	-	-	-
Fixed Interest Rate Instruments			2 441 992	291 013	300 097	978 336	872 545
- Centlec Capital Loans		0%	872 545	-	-	-	872 545
- Finance lease liability		10%	462 518	135 845	124 843	201 830	-
- DBSA		12%	1 106 929	155 168	175 254	776 506	-
			59 918 215	57 767 236	300 097	978 336	872 545
30 June 2014							
Non-interest Bearing			42 102 326	42 102 326	-	-	-
- Creditors		0%	31 628 177	31 628 177	-	-	-
- Centlec Payable		0%	10 474 149	10 474 149	-	-	-
Variable Interest Rate Instruments			2 076 232	2 076 232	-	-	-
- Bank Overdraft		10%	2 076 232	2 076 232	-	-	-
Fixed Interest Rate Instruments			3 239 138	276 446	285 843	1 144 446	988 848
- Centlec Capital Loans		0%	988 848	-	-	-	988 848
- Finance lease liability		10%	733 315	139 062	130 674,94	260 656	-
- DBSA		12%	1 176 342	137 384	155 168	883 790	-

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47 417 696	44 455 004	285 843	1 144 446	988 848

Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42.9 Price Risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

The table below summarises the impact of increases/decreases of the indexes on the municipality's surplus for the year and on equity.

	Impact on post tax surplus in Rand		Impact on other components of equity in Rand	
	2015	2014	2015	2014
Financial instrument				
OVK Shares	59 551	97 680	-	-

Surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit.

43. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Certain councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

SALA Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the assets of the fund amounted to R7 110,3 (30 June 2009: R6 303,7) million, with funding levels of 96,0% (30 June 2009: 96,0%). The contribution rate paid by the members (8,6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

SAMWU Pension Fund:

No details could be provided for the fund and of any valuation performed.

The contribution rate paid by the members (7,50%) and Council (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Post retirement Fund Contributions

The Municipality continued to contribute to the medical aid of two retired employees

- Total amount of medical aid contributions

	2015	2014
	R	R
	67 681	70 095

44. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

44.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Lekula L	Councillor	Lekhula Constructions
Backward ET	Councillor	Matlakeng Charcoal Project
Riddle IS	Councillor	EBRI Properties
Tsoamotse MN	Director (TS)	Moedi Trading & Reahlomela Construction
Nqoko LV	Director (CS)	Info Com Biz Center & Sabbath Business Consultancy
Panyani TC	Official (MM)	Uhlosi Trading, Uhlosi Guest House, PC Training and Business College & Platinum Campus

Mohokare Local Municipality
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

44.1 Interest of Related Parties (Continued)

The following related party transactions relate to the provision for bad debt on councillors' accounts:

	R
Councillor Lekhula L	7 167
Councillor Letele MA	2 449
Councillor Thuhlo RJ	1 133
Councillor Shasha SD	6 747
Total provision for bad debt on councillors accounts	<u><u>17 497</u></u>

44.2 Services rendered to Related Parties

During the year the municipality rendered services to related parties that are related to the municipality in the form of Rates, Services and Sundry charges which is in the normal flow of business.

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel.

44.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans are receivable from Councillors, Management, Staff and Public.

44.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 24 and 25 respectively, to the Annual Financial Statements.

44.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

45. CONTINGENT LIABILITIES

	2015 R	2014 R
	<u><u>245 000</u></u>	<u><u>10 983 395</u></u>
(i) Unfair Dismissal Claims: Unfair Dismissal Claims has been issued against the Municipality. The claims are being handled by N.P. Vuyi Attorneys and Malherbe Saayman, Smith Attorneys. The possible losses regarding these cases has not been quantified.	200 000	-
(ii) Keoratile traffic solutions Dispute between Mohokare Municipality and Keoratile traffic solutions. Total withdrawal of the case during the 14/15 financial year.	-	10 908 395
(iii) Professional services rendered Judgement taken against client for professional services rendered	-	75 000
(ii) Dispute regarding pipeline servitude Dispute regarding construction of pipeline next to servitude. The possible losses regarding this could amount to R45 000. The claims are being handled by D. Marais.	45 000	-
(iii) Graves outside designated boundary lines of a Cemetery: During August 2012 it came to the attention of the Municipality that graves were used outside the boundary lines of a Municipal Cemetery in Zastron. The area where the graves were used are inside an area where a possibility exists that water could be contaminated by the decaying bodies. The usage of this area as a Cemetery has since been stopped and studies were performed to determine the extent of contamination done to water. The Municipality are awaiting results of these studies to determine the procedures to be	-	-

implemented going forward.

(iv) SALA Pension Fund:

A notice of motion has been issued against the Municipality in respect of the R13 545 500 owed to SALA

Pension Fund. The claims are being handled by Mr. D Marais. The matter relates to long outstanding contributions (members' portion as well as council contributions) and interest charged on these amounts.

The full amount is included in Note 12 under staff salaries and third parties. At 30 June 2015 the

estimated outflow of funds relating to legal fees are R nil.

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(v) SAMWU Provident Fund:

A notice of motion has been issued against the Municipality in respect of the R6 377 690 owed to SAMWU Provident Fund. The claims are being handled by Mr. D Marais. The matter relates to long outstanding contributions (members' portion as well as council contributions) and interest charged on these amounts. The full amount is included in Note 12 under staff salaries and third parties. At 30 June 2015 the estimated outflow of funds relating to legal fees are R nil.

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Mohokare Local Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

46 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

47 IN-KIND DONATIONS AND ASSISTANCE

Refer to note 19 Relating to Donations and assistance received.

48 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

49 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2015.

50 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 33) and Prior Period Errors (Note 34).

51 MANAGEMENT'S GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 29 May 2015 the Council adopted the 2015/16 to 2017/18 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms will be closely monitored and the necessary corrective actions instituted.

(v) The municipality's cash management was under pressure during the 2014/15 financial period due to an amount of R6,6 million being withheld from the Equitable share receivable. The funds were withheld due to Municipal Infrastructure Grants (Conditional) and Municipal Water Infrastructure Grants (Conditional) that were not utilised in the past. Irrespective of the pressure that this has placed on the Municipality, they still managed to have a positive bank balance at the end of 2014/15.

(vi) The municipality's cash management was also under pressure due to low collection rates on receivables. The collection rate for the financial period ended was only 43% (40% - 2014) which was an improvement from the previous period. The Municipality's receivables increased by R8,5 million before the provision of impairment which indicates uncollected debtors for the current period. The Municipality appointed attorneys to assist with debt collection.

(vii) Notices of motion have been issued against the municipality as a result of long outstanding members' contributions as well as council contributions to the pension fund and provident fund.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A

Mohokare Local Municipality

UN-AUDITED SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2014	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2015
CAPITAL LEASE LIABILITIES	R				R	R	R	R
Finance lease Liabilities	-	Prime		2016	733 315		(270 797)	462 518
Total Capital Lease Liabilities	-				733 315	-	(270 797)	462 518
GOVERNMENT LOANS								
DBSA Loan	2 730 000		1	2015	1 176 342	-	(69 414)	1 106 929
Total Government Loans	2 730 000				1 176 342	-	(69 414)	1 106 929
OTHER LOANS								
Centlec Capital Loan	1 214 262	0,00%	40021201 to 40027483	2024	872 545	-	-	872 545
Total Other Loans	1 214 262				872 545	-	-	872 545
TOTAL EXTERNAL LOANS	3 944 262				2 782 203	-	(340 211)	2 441 992

APPENDIX B

Mohokare Local Municipality

UN-AUDITED ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Impairments	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings													
Housing	15 658 742	-	-	-	-	15 658 742	6 116 131	-	-	-	-	6 116 131	9 542 611
Operational buildings Total	20 745 344	159 312	-	-	-	20 904 656	15 449 582	159 312	-	-	-	15 608 894	5 295 762
Land: Developed	1 934 500	-	-	-	-	1 934 500	-	-	-	-	-	-	1 934 500
	38 338 586	159 312	-	-	-	38 497 898	21 565 713	159 312	-	-	-	21 725 025	16 772 873
Infrastructure													
<i>Electricity:</i>													
Network	84 485 562	-	10 179 792	-	-	94 665 354	36 278 739	4 203 494	-	-	-	40 482 234	54 183 120
<i>Roads and Transport:</i>													
Roads & Stormwater	176 843 714	-	15 485 867	-	-	192 329 581	88 732 609	9 137 633	-	-	-	97 870 242	94 459 339
<i>Sanitation:</i>													
Sanitation network	167 236 970	-	10 279 649	-	-	177 516 620	77 509 105	3 827 604	-	-	-	81 336 708	96 179 912
<i>Water:</i>													
Supply network	187 845 016	-	65 320 795	-	-	253 165 811	98 322 072	5 049 964	-	-	-	103 372 036	149 793 775
	616 411 262	-	101 266 103	-	-	717 677 365	300 842 525	22 218 695	-	-	-	323 061 220	394 616 145
Community Assets													
Community facilities	62 578 086	-	-	-	-	62 578 086	35 157 211	1 311 223	-	-	-	36 468 434	26 109 652
Sport and Recreational Facilities	59 641 023	2 672 317	3 667 231	(2 672 317)	-	63 308 254	38 519 409	686 623	-	-	-	39 206 032	24 102 222
	122 219 109	2 672 317	3 667 231	(2 672 317)	-	125 886 340	73 676 620	1 997 846	-	-	-	75 674 466	50 211 874
Leased Assets													
Office equipment	1 358 102	-	-	-	-	1 358 102	1 308 232	33 245	-	-	-	1 341 477	16 625
Motor vehicles	778 019	-	-	-	-	778 019	64 835	259 340	-	-	-	324 175	453 844
	2 136 120	-	-	-	-	2 136 120	1 373 067	292 585	-	-	-	1 665 652	470 469
Other Assets													
<i>Emergency Equipment:</i>													
Emergency / rescue equipment	161 894	-	-	-	(8 126)	153 768	82 585	19 277	-	-	(6 048)	95 814	57 954
Fire fighting equipment / fire hoses	32 484	-	-	-	(4 368)	28 116	18 221	2 797	-	-	(2 361)	18 657	9 459
<i>Furniture and Fittings:</i>													
Tables & desks	648 851	2 044	-	-	(28 862)	622 034	332 901	54 004	-	-	(15 340)	371 565	250 469
Chairs and couches	1 285 694	1 913	-	-	(97 020)	1 190 587	809 964	79 528	-	3 937	(73 748)	819 682	370 905
Cabinets & cupboards	528 689	6 639	-	-	(9 047)	526 280	291 754	43 618	-	1 638	(7 567)	329 443	196 837
Other furniture and fittings	173 951	-	-	-	(9 364)	164 588	101 224	13 776	-	-	(3 398)	111 602	52 985
Shelving and bookcases	56 164	1 386	-	-	(939)	56 611	35 498	3 687	-	-	(224)	38 961	17 650
Headboards	656	-	-	-	-	656	574	7	-	-	-	581	75
<i>Motor Vehicles:</i>													
Trailers and accessories	643 300	-	-	-	-	643 300	243 841	22 557	-	-	-	266 398	376 902
Trucks, buses and Idv's	1 153 169	-	-	-	-	1 153 169	134 753	66 337	-	-	-	201 090	952 079
Tractors	1 988 050	-	-	-	-	1 988 050	602 185	53 267	-	-	-	655 452	1 332 598
Passenger vehicles	859 600	-	-	-	-	859 600	322 952	28 624	-	-	-	351 576	508 024
Farm Vehicles	85 500	302 538	-	-	-	388 038	17 784	16 390	-	-	-	34 174	353 864

Emergency vehicles	-	129 941			129 941					-	129 941
Specialised vehicles	180 000				180 000	25 920	8 640			34 560	145 440
<i>Office Equipment:</i>											
Domestic equipment	92 660	5 845	-	-	(8 943)	54 509	26 948	-	130	(5 419)	13 396

Mohokare Local Municipality

UN-AUDITED ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Mohokare Local Municipality

ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2015

[illegible]

APPENDIX C

Mohokare Local Municipality

UN-AUDITED SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2015

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Impairments	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	907 173	-	-	(15 845)	891 328	489 424	63 704	684	(5 640)	548 172	343 155
Finance and Administration	26 463 080	258 542	-	(297 706)	26 423 916	18 541 034	777 086	40 816	(152 789)	19 206 147	7 217 770
Planning and Development	38 539	-	-	(442)	38 097	27 548	2 051	-	(224)	29 376	8 721
Health	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	47 428 345	-	-	(28 803)	47 399 542	30 451 535	785 579	1 340	(23 127)	31 215 326	16 184 217
Housing	17 799 233	-	-	(2 908)	17 796 325	6 144 555	84 645	-	(2 013)	6 227 188	11 569 137
Public Safety	294 814	-	-	(6 083)	288 731	169 296	19 984	-	(2 312)	186 968	101 763
Sport and Recreation	68 444 996	52 395	-	(5 289)	68 492 102	40 225 324	747 671	-	(4 502)	40 968 492	27 523 610
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-
Waste Management	170 111 254	1 459 068	-	(209 433)	171 360 890	78 977 984	4 094 381	32	(145 775)	82 926 623	88 434 267
Roads and Transport	177 954 155	-	-	-	177 954 155	89 352 167	9 158 981	-	-	98 511 148	79 443 007
Water	188 612 403	3 158 211	-	(10 301)	191 760 312	98 643 461	5 075 799	-	(6 707)	103 712 553	88 047 760
Electricity	84 485 562	-	-	-	84 485 562	36 278 739	4 203 494	-	-	40 482 234	44 003 328
Other	4 515 913	-	-	(213 841)	4 302 072	938 467	579 927	11 427	(92 147)	1 437 675	2 864 397
Total	787 055 469	4 928 217	-	(790 652)	791 193 034	400 239 534	25 593 303	54 299	(435 236)	425 451 901	365 741 133

APPENDIX D

Mohokare Local Municipality

UN-AUDITED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)	Description	2015 Actual Income	2015 Actual Expenditure	2015 Surplus/ (Deficit)
R	R	R		R	R	R
(580 856)	11 831 494	11 250 638	Executive and Council	(26 007)	11 250 613	11 224 606
(72 424 095)	51 761 752	(20 662 343)	Finance and Administration	(64 691 737)	53 044 049	(11 647 688)
-	1 978 803	1 978 803	Planning and Development	-	2 273 356	2 273 356
(621 874)	5 931 739	5 309 865	Community and Social Services	(114 510)	6 770 856	6 656 346
(424 539)	552 157	127 618	Housing	(811 158)	678 387	(132 770)
(1 358 675)	1 282 064	(76 611)	Public Safety	(2 799 594)	1 522 614	(1 276 980)
(75)	1 216 553	1 216 478	Sport and Recreation	(218)	1 260 417	1 260 200
(43 982)	248 780	204 799	Environmental Protection	-	-	-
(28 940 143)	14 945 404	(13 994 740)	Waste Management	(32 897 407)	14 580 596	(18 316 811)
(1 453 801)	6 084 739	4 630 938	Roads and Transport	(1 033 311)	5 046 035	4 012 725
(27 064 536)	16 246 846	(10 817 690)	Water	(45 276 811)	17 818 881	(27 457 930)
(20 625 055)	54 009 397	33 384 341	Electricity	(26 093 727)	55 631 355	29 537 628
-	-	-	- Other - Reversal of capital items	-	-	-
(153 537 631)	166 089 727	12 552 096	Sub-Total	(173 744 478)	169 877 160	(3 867 318)
			Revenue Foregone			
(153 537 631)	166 089 727	12 552 096	Total	(173 744 478)	169 877 160	(3 867 318)

APPENDIX E(1)

Mohokare Local Municipality

UN-AUDITED ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15 Actual	2014/15 Budget	2014/15 Variance	2014/15 Variance	Explanation of Significant Variances
	R	R	R	%	
REVENUE					
Property Rates	6 515 489	14 587 000	(8 071 511)	(55,33)	Inaccurate Budgeting
Fines	1 638 850	3 000 000	(1 361 150)	(45,37)	Less fines issued than anticipated
Licences and Permits	3 545	3 000	545	18,17	
Government Grants and Subsidies	105 784 004	54 508 000	51 276 004	94,07	Budget only displayed the operational grants.
Public Contributions and Donations	1 357 959	-	1 357 959	100,00	Public contributions and donations are not budgeted for
Service Charges	47 996 203	52 819 000	(4 822 797)	(9,13)	
Rental of Facilities and Equipment	1 064 164	604 000	460 164	76,19	
Interest Earned - External investments	129 246	7 000	122 246	1 746,37	High interest earned on call accounts
Interest Earned - Outstanding debtors	805 766	-	805 766	100,00	Refer to Service charges
Dividends Received	7 067	19 000	(11 933)	(62,81)	
Gain on Fair value adjustment	65 770	-	65 770	100,00	Fair value gains not budgeted for
Other Income	1 340 274	7 181 000	(5 840 726)	(81,34)	Budget includes VAT pay-outs
Profit on Sale of Biological Assets	55 263	-	55 263	100,00	Sale of blesbok not budgeted for
Total Revenue	166 763 599	132 728 000	34 035 601	25,64	
EXPENDITURE					
Employee Related Costs	55 991 776	54 676 000	1 315 776	2,41	Inaccurate Budgeting
Remuneration of Councillors	3 236 314	3 066 000	170 314	5,55	
Depreciation	26 152 570	28 608 000	(2 455 430)	(8,58)	Inaccurate Budgeting
Impairment Losses	21 104 381	13 952 000	7 152 381	51,26	Impairment on receivables higher than expected
Repairs and Maintenance	2 161 467	-	2 161 467	100,00	Repairs and Maintenance in Budget included under other general e
Interest Paid	4 600 053	2 729 000	1 871 053	68,56	Interest charge on Landfill sites provision not budgeted for
Bulk Purchases	23 607 805	19 570 000	4 037 805	20,63	Centlec purchases
Contracted Services	3 659 924	584 000	3 075 924	526,70	Consultants Budget included under other general expenses
Grants and Subsidies Paid	11 636	4 963 000	(4 951 364)	(99,77)	
General Expenses	23 576 143	32 724 000	(9 147 857)	(27,95)	Centlec General expenses not budgeted for
Loss on disposal of Property, Plant and Equipment	355 416	-	355 416	100,00	Loss of building due to vandalism not expected
Total Expenditure	164 457 482	160 872 000	3 585 484	2,23	
NET SURPLUS / (DEFICIT) FOR THE YEAR	2 306 115	(28 144 000)	30 450 115	(108,19)	

APPENDIX E(1)

Mohokare Local Municipality

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 June 2014

Description	2013/14 Actual	2013/14 Budget	2013/14 Variance	2013/14 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Property Rates	5 848 955	13 904 000	(8 055 045)	(57,93)	Inaccurate Budgeting
Fines	874 540	500 000	374 540	74,91	Less fines issued than anticipated
Government Grants and Subsidies	94 606 442	52 125 000	42 481 442	81,50	Budget only displayed the operational grants.
Public Contributions and Donations	970 424	-	970 424	100,00	Public contributions and donations are not budgeted for
Service Charges	38 157 165	43 454 000	(5 296 835)	(12,19)	Some Electricity sales not budgeted for.
Rental of Facilities and Equipment	574 998	571 000	3 998	0,70	More rental of facilities than expected
Interest Earned - External investments	175 822	6 000	169 822	2 830,36	High interest earned on call accounts
Interest Earned - Outstanding debtors	8 084 890	-	8 084 890	100,00	Amounts not foreseen
Interest Earned – Provisions	-	-	-	0,00	Reversal of landfill site provisions
Dividends Received	8 925	9 000	(75)	(0,83)	Inaccurate Budgeting
Gain on Fair value adjustment	211 931	-	211 931	100,00	Amounts not foreseen
Other Income	1 008 818	4 586 000	(3 577 182)	(78,00)	Amounts not foreseen
Total Revenue	150 522 908	115 155 000	35 367 910	30,71	
EXPENDITURE					
Employee Related Costs	52 766 457	48 536 000	4 230 457	8,72	Inaccurate Budgeting
Remuneration of Councillors	3 065 340	2 986 000	79 340	2,66	Inaccurate Budgeting
Depreciation	26 312 822	27 952 000	(1 639 178)	(5,86)	Inaccurate Budgeting
Impairment Losses	22 456 408	5 610 000	16 846 408	300,29	Impairment on receivables higher than expected
Repairs and Maintenance	1 698 199	-	1 698 199	100,00	Repairs & Maintenance budgeted under General Expenses
Interest Paid	2 209 096	312 000	1 897 096	608,04	Interest charge on Landfill sites provision not budgeted for
Bulk Purchases	19 755 688	16 000 000	3 755 688	23,47	Centlec purchases not budgeted for
Contracted Services	5 393 623	159 000	5 234 623	3 292,22	More consultants used than was budgeted for
Grants and Subsidies Paid	-	5 850 000	(5 850 000)	(100,00)	
General Expenses	28 193 557	34 635 000	(6 441 443)	(18,60)	Capital expenditures included in budget
Loss on disposal of Property, Plant and Equipment	298 128	-	298 128	100,00	Loss of building due to vandalism not expected
Total Expenditure	162 149 318	142 040 000	20 109 319	14,16	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(11 626 410)	(26 885 000)	15 258 590	(56,76)	

APPENDIX E(2)

Mohokare Local Municipality

UN-AUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15 Actual	2014/15 Under Construction	2014/15 Total Additions	2014/15 Budget	2014/15 Variance	2014/15 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive and Council	-	-	-	3 000	(3 000)	100%	Budget is based on actual payments, additions are based on date of delivery
Finance and Administration	159 312	-	159 312	914 000	(754 688)	100%	Budget is based on actual payments, additions are based on date of delivery
Planning and Development	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Health	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Community and Social Services	52 395	-	52 395	346 000	(293 605)	100%	Budget is based on actual payments, additions are based on date of delivery
Housing	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Public Safety	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Sport and Recreation	-	942 518	942 518	2 656 000	(1 713 482)	100%	Budget is based on actual payments, additions are based on date of delivery
Environmental Protection	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Waste Management	-	-	-	482 000	(482 000)	100%	Budget is based on actual payments, additions are based on date of delivery
Roads and Transport	-	8 689 842	8 689 842	10 335 000	(1 645 158)	100%	Budget is based on actual payments, additions are based on date of delivery
Water	-	29 667 945	29 667 945	43 882 000	(14 214 055)	100%	Budget is based on actual payments, additions are based on date of delivery
Electricity	-	4 526 937	4 526 937	3 666 000	860 937	100%	Budget is based on actual payments, additions are based on date of delivery
Other	1 558 298	-	1 558 298	-	1 558 298	100,00	
Total	1 770 005	43 827 242	45 597 247	62 284 000	(16 686 753)	(26,79)	

UN-AUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 June 2014

Description	0 Actual	0 Under Construction	0 Total Additions	0 Budget	0 Variance	0 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive and Council	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Finance and Administration	844 509	-	844 509	794 000	50 509	6%	Budget is based on actual payments, additions are based on date of delivery
Community and Social Services	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Housing	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Public Safety	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Sport and Recreation	-	2 779 565	2 779 565	2 803 068	(23 503)	100%	Budget is based on actual payments, additions are based on date of delivery
Waste Management	-	816 659	816 659	11 864 265	(11 047 606)	-93%	Budget is based on actual payments, additions are based on date of delivery
Roads and Transport	-	6 601 025	6 601 025	1 000 000	5 601 025	560%	Budget is based on actual payments, additions are based on date of delivery
Water	2 710 664	20 361 073	23 071 737	23 124 450	(52 713)	0%	Budget is based on actual payments, additions are based on date of delivery
Electricity	-	-	-	1 780 867	(1 780 867)	100%	Budget is based on actual payments, additions are based on date of delivery
Total	3 555 173	30 558 322	34 113 495	41 366 650	(7 253 155)	(17,53)	

APPENDIX F

Mohokare Local Municipality

UN-AUDITED DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		
Equitable Share	Nat Treasury	15 620 000	16 656 000	14 064 000	0	11 585 000	11 585 000	11 585 000	11 585 000	6 626 000	N/A	N/A	N/A	G & MWIG Roll over expi	N/A
FMG	Nat Treasury	1 800 000	0	0	0	450 000	450 000	450 000	450 000	N/A	N/A	N/A	N/A	N/A	N/A
MWIG	Nat Treasury	0	0	0	3 310 045	0	0	0	3 310 045	N/A	N/A	N/A	N/A	N/A	N/A
MIG Projects	MIG	6 852 000	6 275 000	12 335 000	0	3 922 089	4 632 219	3 193 602	4 908 354	N/A	N/A	N/A	N/A	N/A	Roll-over
Bulk Infrastructure Grant	DWAF	4 584 061	12 417 394	9 500 030	2 550 789	9 833 830	10 982 844	7 000 000	2 404 423	N/A	N/A	N/A	N/A	N/A	N/A
MSIG	COGTA	934 000	0	0	0	233 500	233 500	233 500	233 500	N/A	N/A	N/A	N/A	N/A	N/A
EPW Incentive Grant	Province	413 000	310 000	310 000	0	258 250	258 250	258 250	258 250	N/A	N/A	N/A	N/A	N/A	N/A
COGTA Grants	COGTA	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
LG SETA Grant	LG SETA	0	0	0	13 411	0	0	0	13 411	N/A	N/A	N/A	N/A	N/A	N/A
Total Grants and Subsidies Received		30 203 061	35 658 394	36 209 030	5 874 245	26 282 669	28 141 813	22 720 352	23 162 983	6 626 000	0	0	0		

